Weekend FT
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The human race: the greatest person who ever lived Page I

The west's search for new enemies Page XXIV

Riding the outback with an Australian cowboy Page XVII

Italian newspapers *Who calls the shots at the new status symbols* Page 13

FINANCIAL TIMES

Europe's Business Newspaper WEEKEND JANUARY 15/JANUARY 16 1994 D8523A

Tietmeyer wants tough stance from EU central bank

Bundesbank president Hans Tietmeyer gave notice that he would fight hard for the adoption of German monetary policies by the future European central bank.

Medium-term money supply targets, mainstay of the Bundesbank's policy, were the best way to ensure price stability, he said. Page 22; Optimistic Rexrodt expects 1% growth, Page 2

Leakey quits as wildlife chief: Richard Leakey, the international face of conservation and anti-poaching efforts in east Africa, resigned from the Kenya Wildlife Service after allegations of racism and arrogance and criticism of management decisions. Page 3

New share exchange mooted: A group of UK venture capitalists, merchant banks and stockbrokers intends to set up a new exchange for trading the shares of small, entrepreneurial companies to compete with the London Stock Exchange's own official list. Page 22

Toyota chief asked to lead Keidanren: Shoichiro Toyoda, chairman of Toyota, Japan's largest car maker, has been asked to take over the Keidanren, the country's leading business federation and lobby group. Page 3

Lloyd's refuses talks over offer: Lloyd's of London refused to reopen negotiations over its £900m settlement offer to cover losses, amid increasing indications that a majority of Names – the individuals who support the insurance market – will vote down the deal. Page 4

Metallgesellschaft, stricken German mining, metals and industrial group, continues its fight for survival this morning when it presents details of revised refinancing proposals to bank creditors owed DM5bn ($2.86bn). Page 9

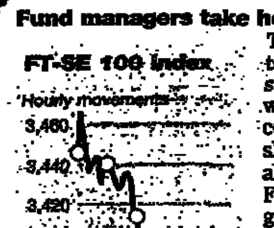
Star TV: The troubles for Rupert Murdoch's network deepened when Hong Kong-based Wharf Cable announced the start of proceedings to free it from an obligation to air Star channels. Page 9

Sharp fall on Seoul bourse: Share prices on the Seoul bourse fell sharply as the South Korean government proposed measures to damp what it feared as destabilising speculation in the stock market. Page 3

Fund managers take hold of market

FT-SE 100 Index

Hourly movements



Source: Reuters

The UK fund managers took hold of the London stock market and, with the US sellers content to back away, share prices bounced ahead strongly. The FT-SE 100 Share Index gained 40.6 to close at 3,400.6, while the FT-SE Mid 250 Index put on 33.6 for a new closing peak of 3,915.7. Traders admitted the sudden recovery in share prices "caught us all on the hop". Trading volume was very heavy in stock index futures and equities. London stocks, Page 13; *Markets, Weekend II; Lex,* Page 22

Union boost for school tests: Decisions by two UK teachers' unions to advise members to lift their boycott of national curriculum tests in England and Wales mean that this year's tests are virtually certain to take place. Page 5

Accountants move to limit liability: Britain's largest accountancy firms have begun pressing clients to agree to limits on their liability when providing them with professional services. Page 4

VNU, Dutch publisher, unveiled a $220m deal in the US that will give it control over two "bibles" of the West Coast entertainment industry, the daily newspaper Hollywood Reporter and Billboard magazine. Page 9

Harrier pilot dies in crash: US Marine Corps Captain B K Kearney, on secondment in the UK to the RAF, died when his Harrier GR7 jump-jet crashed five miles south of Evesham, Worcestershire.

Cellular Telecom, UK mobile communications company, is to be quoted in the US following the reverse takeover of Health Care Products, a Canadian company once known for its claims to have produced an anti-Aids product. Page 8

■ STOCK MARKET INDICES		
FT-SE 100:	3400.6	(+40.6)
Yield	3.46	
FT-SE Eurotrack 100	1466.32	(+7.50)
FT-SE-A All-Share	1691.36	(+1.1%)
Nikkei	18,973.70	(+396.44)
New York: lunchtime		
Dow Jones Ind Ave	3864.10	(+21.67)
S&P Composite	474.50	(+2.03)
■ US LUNCHTIME RATES		
Federal Funds:	$2\frac{1}{8}$%	
3-mo Treas Bills: Yld	3.023%	
Long Bond	$99\frac{5}{16}$	
Yield	6.296%	
■ LONDON MONEY		
3-mo Interbank	$5\frac{7}{16}$%	(same)
Liffe long gilt future:	Mar $118\frac{1}{32}$	(Mar $118\frac{5}{32}$)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Mar)	$14.095	(13.535)
■ Gold		
New York Comex (Feb)	$390.1	(390.6)
London	$390.9	(389.25)

■ STERLING		
New York lunchtime:		
$	1.493	
London:		
$	1.4921	(1.496)
DM	2.6118	(2.6209)
FFr	8.8673	(8.8902)
SFr	2.2083	(2.2115)
Y	165.938	(167.793)
£ Index	82.7	(82.9)
■ DOLLAR		
New York lunchtime:		
DM	1.7495	
FFr	5.94	
SFr	1.4785	
Y	110.935	
London:		
DM	1.7505	(1.752)
FFr	5.943	(5.9429)
SFr	1.48	(1.4783)
Y	111.25	(112.165)
$ Index	67.7	(67.8)
Tokyo close Y 111.75		

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Ukraine nuclear arsenal to go as US and Russia end mutual targeting

Clinton signs three-way N-missile agreement

By Jurek Martin and John Lloyd in Moscow

Yeltsin ushers out cold war............Page 2
Clinton tunes into Europe............Page 2
Haggling over the price of peace............Page 7

President Bill Clinton wrapped up a successful Moscow visit yesterday by signing agreements to dismantle Ukraine's nuclear arsenal and to end the targeting of US and Russian missiles at each other after May 30.

He also heard President Boris Yeltsin promise active Russian participation in Nato's new programme of co-operation with the nations of the former Warsaw Pact.

The US president rewarded Mr Yeltsin's renewed commitment to economic reform by announcing that he had earmarked an additional $900m (£608.1m) in assistance in next year's US budget, to be presented in February. He said that meant that, with some existing appropriations unspent, Russia was assured of at least $1bn in US funds in each of the next two years.

But the upbeat comments of Mr Clinton, Mr Yeltsin and President Leonid Kravchuk of Ukraine praising the various substantive achievements of the past 48 hours could not entirely dispel a sense that not all the commitments on paper would easily be translated into action.

The Ukrainian agreement, which provides for the dismantling and removal of the most potent nuclear warheads and missiles over the next 10 months, still has to be ratified by the parliament in Kiev, a prospect that even US officials privately rated as a 50-50 chance.

In Kiev last night Mrs Tatyana Yakheyeva, one of the members of the parliamentary commission on Start 1, said: "At the very least there will be a veto on the deal – at the most, Kravchuk faces impeachment." At the same time, a row broke out between Mr Anatoly Zlenko, the Ukrainian foreign minister, and Mr Andrei Kozyrev, his Russian counterpart, on whether Ukraine had been promised relief on its Rbs1,000bn energy debt to Russia.

Presidents Clinton, left, Yeltsin, centre, and Kravchuk seal the agreement in the Kremlin. The US will also reward Boris Yeltsin's renewed commitment to economic reform with an extra $900m in aid AP

Both Mr Clinton and Mr Kravchuk, the latter visibly elated at his presence on a world stage and looking forward to a Washington visit in March, argued that the more Ukrainians learned about the treaty, the greater the likelihood of approval. Benefits include an estimated $1bn Ukrainian share of the $12bn, 20-year agreement also signed yesterday for US purchases from Russia of highly enriched uranium extracted from missiles.

On Nato, Mr Yeltsin said its Partnership for Peace, which he called "a very good formula", should still be seen as only one of the mechanisms for enhancing European security. He also warned against any Nato attempt to "dismember us" by admitting eastern European nations "one by one".

US officials insisted, however, that Mr Yeltsin's commitment to the partnership was stronger than they had expected and more than offset his apparent reservations. Once Russia has formally applied to take part, the respective military commands will work out co-operation procedures over the next few months.

A big cloud still hangs over economic reform. Deep political divisions were further reflected when the lower house of the Russian parliament elected as Speaker Mr Ivan Rybkin, a former communist who now belongs to the conservative Agrarian party.

He was returned with support

Continued on Page 22

MMC to investigate video games makers

By Guy de Jonquières, Consumer Industries Editor

The Monopolies and Mergers Commission is to investigate whether video games manufacturers, notably Sega and Nintendo of Japan, are over-charging consumers and unfairly restricting competition.

Sir Bryan Carsberg, director general of Fair Trading, said yesterday that he had ordered the probe after an increasing number of consumers had complained that prices of new games were higher in Britain than in the US.

Retailers had complained about manufacturers' distribution practices, while software publishers were frustrated by the licensing arrangements for production of games used on the leading brands of hardware.

The move was welcomed by the Consumers' Association, which has repeatedly criticised manufacturers' prices and marketing practices. Sega and Nintendo said they would co-operate with the MMC but insisted the market was fully competitive.

The two companies account for about 90 per cent of the British video games market, worth more than £700m last year, three times more than in 1991. Games hardware costs between £50 and £300, while games prices range from £10 to £60 for new releases.

Sega said it was surprised by the inquiry, and Nintendo said the UK video games market was the most competitive in the world. Conditions were particularly fierce at Christmas, when about 40 per cent of all toys sold were video games.

There have recently been signs that some prices are softening. Dixons, the electrical retailer, said last week that it expected lower profits this year, partly because of a price war in video game consoles launched by the Woolworths and Comet chains.

However, some independent surveys late last year found that retail prices of new games were as much as 50 per cent higher in Britain than in the US.

The MMC, which is due to report by the end of October, is expected to focus on complaints by retailers and independent software publishers, which produce about half the games sold by Nintendo and Sega.

Some retailers have told the Office of Fair Trading that they have been compelled to buy exclusively from the two companies and prevented from obtaining the same items more cheaply from other sources abroad.

Some small retailers, particularly rental outlets, have also claimed that they are supplied with new games only after they are on sale in bigger chains.

Independent software publishers have complained that Sega and Nintendo use licensing arrangements and their policies of manufacturing all the games used on their machines, to restrict the supply of new products to the market.

Lex, Page 22

Sharp increase in US output lifts shares to new highs

By Michael Prowse

Currencies............Page 11
US stocks............Page 19
Markets............Weekend II

US industrial production grew at an annual rate of 7.5 per cent in real terms in the fourth quarter of last year, a further sign of the accelerating pace of economic recovery, figures from the Federal Reserve indicated yesterday.

The news prompted a strong rise in share prices, which reached record highs in early trading. By midday the Dow Jones Industrial Average was up 30.40 at 3,872.83. Bond prices fell on fears that faster growth would bring forward the timing of an interest rate rise.

As the Clinton administration puts the final touches to this year's budget, due early next month, senior officials are increasingly confident about the economic outlook.

In an upbeat address in New York yesterday, Mr Robert Rubin, chairman of the White House National Economic Council, forecast a robust, sustained recovery. He said there was "very little probability of inflation reigniting" and predicted 3 per cent growth this year.

Mr Rubin said economic conditions would also be favourable in 1995 and 1996 because, by then, the US would be getting a boost from economic recovery in Japan and Europe.

In an apparent preview of the budget, Mr Rubin also predicted that the US would make more rapid progress than expected in reducing the federal budget deficit.

The deficit would fall to "substantially under 2 per cent of GDP" over five years, he said. Last year's budget projected a deficit of 3.1 per cent of GDP in 1998.

The Fed report showed production up 0.7 per cent in December after strong gains in preceding months. Although led by a surge in car production, output strength appears broadly based. Nearly every industrial sector registered gains. Excluding cars, production was up 0.5 per cent last month, the same rise as in November.

The rate of industrial capacity utilisation rose to 83.5 per cent, above its long-term average of 81.9 per cent but still below the 84.8 registered at the peak of the 1980s boom.

Preliminary figures suggest that the first quarter got off to a good start. The University of Michigan's closely-watched consumer sentiment index was reported to have risen sharply in early January to 95.8 against 88.2 in December.

The rise is a reassuring sign that consumers are not reducing their spending after the Christmas period.

Separate data released yesterday showed business inventories up 0.6 per cent in November. However, they failed to keep pace with the growth in business sales, which rose by 1.1 per cent.

As a result, the inventory-to-sales ratio slipped to 1.44, its lowest level since 1982, raising the prospect of increased production if consumer demand continues to rise this year.

CONTENTS

Major says he had no 'significant' role in Iraq arms rules

By Philip Stephens and Roland Rudd

Mr John Major has told the Scott inquiry into the arms to Iraq affair that he had no significant role in the setting or the adjustment of guidelines regulating sales of defence-related equipment to the Baghdad regime.

In written evidence to the inquiry ahead of his appearance before Lord Justice Scott on Monday, Mr Major emphasised that during his spells at the Treasury and foreign office, he was not party to the controversial relaxation of the guidelines.

But with his political authority battered by the recent storms over his "back to basics" policy and by the spate of political scandals, Mr Major remains under intense pressure to give a confident and fluent performance at the inquiry.

His appearance will coincide with the start of a Commons investigation on the same day into an entirely separate but potentially equally embarrassing deal under which Britain sold arms to Malaysia in the 1980s.

Amid signs of alarm among ministers about the investigation, the Public Accounts Committee will cross-examine officials on evidence that a large-scale weapons deal with Malaysia in 1989 was tied illegally by the Thatcher government to a British aid package.

Officials said that the prime minister was "entirely convinced" that the mass of Whitehall documents covering the period when the Iraq exports guidelines were in place confirmed his complete innocence of any misconduct.

Mr Michael Heseltine, the president of the Board of Trade, yesterday joined Mr Kenneth Clarke, the chancellor, in pledging to resign if he was found guilty of misconduct by the Scott inquiry.

Both men signed certificates seeking to prevent secret government documents being made available to the defence in the failed trial of directors of Matrix

Continued on Page 22
Tories divided, Page 4
Hurd takes lead in 'back to basics' campaign, Page 22

Austria Sch32; Bahrain Din1.250; Bermuda $1.85; Belgium BFr85; China Fec 14.0; Canada C$1.40; Cyprus C£1.10; Czech Rep CZK50; Denmark DKr16.00; Egypt E£5.00; Finland Fmk14; France FFr9.00; Germany DM3.50, Greece Dr350; Hong Kong HK$18; Hungary Ft185; Iceland IKR215; India Rup60; Indonesia Rp4,050; Israel NS8.90; Italy L3000; Japan Y500; Jordan JD1.50; Korea Won 3000; Kuwait Fils.625; Lebanon $US1.50; Luxembourg LFr65; Malaysia Rin4.80; Malta Lm0.60; Morocco Dh18.00; Nigeria Naira50.00; Netherlands Fl4.00; Norway Nkr17.00; Oman OR1.50; Pakistan Rs40; Philippines Pes 50; Poland Zl 32,000; Portugal Esc225; Qatar QR13.00; S.Arabia Rls11.00; Singapore S$4.30; Slovak Rep KSL50; South Africa R12.00; Spain Pta225; Sri Lanka Rup80; Sweden SKr16.00; Switzerland SFr3.30; Taiwan NT$85; Thailand Bht80; Tunisia Din1.500; Turkey L10000; UAE Dh12.00; USA $1.25 (Alaska & Hawaii $1.75)

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Optimistic Rexrodt expects 1% growth

By Quentin Peel in Bonn

Mr Günter Rexrodt, the German economics minister, yesterday confirmed an official forecast of 1.0 to 1.5 per cent growth in gross domestic product this year, showing considerably more optimism than independent analysts.

He insisted the prediction, based on a significant recovery of exports, steady growth of 6 to 8 per cent in east Germany, low interest rates and moderate wage settlements, was "not optimistic, but serious and realistic".

Speaking in advance of next week's publication of the German government's annual economic report, Mr Rexrodt also spelt out plans for measures to deregulate the labour market, promote investment by small and medium-sized enterprises, and accelerate privatisation.

The German government and parliament will both move from Bonn to Berlin between 1998 and 2000, leaders of the country's principal political parties agreed at cross-party talks yesterday, writes Quentin Peel.

Total cost of the move, agreed in principle in 1991 in spite of strong opposition in parliament and little popular support, is supposed to be kept to DM20bn, (£7.8bn) including DM2.8bn in compensation payments for Bonn.

Yesterday's agreement at a summit meeting of party leaders, including the opposition Social Democratic Party (SPD), and the mayors of Bonn and Berlin, is intended to remove lingering uncertainty about the timetable, given the current pressures on the national budget.

Mr Rudolf Scharping, the leader of the SPD, said he doubted the feasibility of moving all the main government ministries to Berlin within two years.

He suggested the process should begin sooner, and that it should also include reforms to amalgamate or streamline government ministries.

Precise details of the move, which will involve shifting some government jobs back from Berlin to Bonn in compensation, have yet to be set out in a parliamentary law. Eight government ministries will remain entirely based in Bonn, but all ministers' offices will go to Berlin.

The city of Bonn, supported by many politicians in west Germany, has been fighting a staunch rearguard action to delay the process.

The economics ministry forecast is significantly higher than that of the government's independent economic advisers – the so-called five wise men – who predict zero growth.

The federation of German banks said yesterday that recovery would only be very gradual because of the low levels of capacity utilisation, low level of industrial orders, and modest outlook for consumer spending.

Mr Rexrodt said the government forecast assumed a recovery of between 0.5 and 1.0 per cent in west Germany, and between 6 and 8 per cent in the east. He agreed that caution was still justified, because disposable incomes would be squeezed by higher pension and social security deductions, and by an increase in oil taxes.

Among measures to promote competition and deregulate the German economy, he promised an amendment to energy legislation giving third parties increased access to the country's gas and electricity grids.

The government forecast still expects an increase of 450,000 in unemployment, to reach more than 3.9m during the year. Mr Rexrodt said radical thinking was needed to make labour markets more flexible. He called for more low-wage employment, and a relaxation of tax and social security rules governing employment of cleaners and other household staff.

● Thyssen Stahl, the steel-making arm of the Thyssen group, yesterday announced a further 1,250 job cuts this year after the continuing "catastrophic" pattern of earnings in the industry in the last quarter of 1993.

The latest redundancies come on top of 12,000 job losses already announced by Germany's largest steelmaker, and will affect primarily all the company's long product plants.

Thyssen said it could not make redundancy payments, and asked the state government of North Rhine-Westphalia to provide funding.

Separately, Adam Opel, the German subsidiary of General Motors, announced short-time working in its plants at Bochum, Kaiserslautern and Eisenach during the first quarter of 1994, saying it did not expect "any significant recovery" in the car market this year.

Finns warm to outsider as election looms

Until a few days ago, the notion that a member of Finland's small Swedish-speaking minority could be voted president of the country was regarded as about as likely as an Englishman winning an Irish election.

But Finns have suddenly begun to talk of the possibility that Mrs Elizabeth Rehn, the defence minister, could emerge from the first round of the presidential election tomorrow as a serious contender.

Mr Martti Ahtisaari, social democrat and a seasoned United Nations diplomat, remains the favourite to win tomorrow and go on to clinch victory in a second round on February 6th. But such is the craving among Finns for a new style of leadership after three years of traumatic recession that the likeable Mrs Rehn, of the tiny Swedish Peoples' Party, has surged in the polls to the extent that she appears to be challenging for second spot in the first ballot.

If she achieves that, the polls indicate that she would have a very real chance of beating Mr Ahtisaari in the second round – better than any of the other nine candidates.

The Finnish president has limited powers. But all the signs are that the head of state elected this year will have much greater influence than the incumbent, Mr Mauno Koivisto. This is partly because the president is being elected by universal suffrage for the first time, giving the winner real political clout, and because the main powers of office are in foreign policy where the big challenges facing Finland now lie.

Top of the list is Finland's application, along with those of Sweden, Norway and Austria, to join the European Union. Associated with this are the questions of how neutral Finland re-orders its strategic stance following the end of the Cold War and its relations with its neighbour and sometime ruler, Russia. Finns listen to the aggressive utterings of Mr Vladimir Zhirinovsky, the Russian nationalist leader, with more unease than most.

Mr Ahtisaari appeared well on course to fill the role. With his experience as a UN envoy, in conflicts as diverse as Namibia and former Yugoslavia, he says he is well equipped to steer Finland through the post-Cold War world. He supports Finnish membership of the EU and offers a reassuring policy towards Russia of calm but vigilant co-operation.

Finland craves a new style of leadership, writes Hugh Carnegy

On the recession, that has seen the economy shrink by 15 per cent, Mr Ahtisaari talks of persuading the government to do more to tackle unemployment of almost 20 per cent of the workforce.

The respective candidates of the Centre and Conservative parties, former foreign minister Paavo Väyrynen and Mr Raimo Ilaskivi, have struggled to establish any momentum, despite distancing themselves from the unpopular coalition of which their parties are members. Then, following an impressive performance in a television interview, Mrs Rehn hit them with her late charge.

She seems to have struck several chords, with impeccable timing, that may overcome her twin handicaps of being a member of the government and belonging to the Swedish community, which makes up just 6 per cent of the population.

Mrs Rehn is also an enthusiastic proponent of Finnish membership of the EU. If she and Mr Ahtisaari top the ballot tomorrow, the run-off will ensure Finland has a president clearly committed to getting the country into the Union.

Yeltsin ushers out cold war with N-accord

By John Lloyd in Moscow

"We have put the last full stop to the last chapter of the cold war," said President Boris Yeltsin yesterday, on signing the agreement between Russia, Ukraine and the US on the transfer of Ukraine's nuclear weapons to Russia. Is it the last full stop?

It promises to be so. But, as officials from all sides privately admitted yesterday, there are uncertainties and dangers ahead before the agreement becomes a reality.

Worked out over the past year, with intensive negotiations between the three sides in Washington this month and last, the deal creates a trilateral relationship in which all sides both give and receive.

First, Ukraine will, over the next 10 months, ship at least 200 warheads – including those from the the largest, SS24 missiles – to Russia. Russia will reprocess the highly enriched uranium from these warheads and supply Ukraine with 100 tonnes of low-enriched uranium for its civilian power stations. The US will pay $60m to Russia for this contract – to be recouped from payments due to Russia under a separate contract for the supply from Russia to the US of highly enriched uranium.

Under separate agreement, the newly-formed US Enrichment Corporation will pay $11.9bn over 20 years to the Soviet Union for 500 metric tonnes of HEU over the next 20 years.

In constructing the deal, US officials were careful to put the deliveries of the SS24 warheads at the front – since these are weapons which the Ukrainian nationalists would most like to retain and which should thus be hastened out of the country.

Ukraine, with a decision of its parliament last year not to fully ratify the Start 1 treaty (which would cleanse it of nuclear weapons) until some 13 conditions were met, has taken the largest leap. Mr Leonid Kravhcuk, Ukrainian president, yesterday said he was justified in signing the agreement because he had met these conditions and that a new parliament would agree to that.

Ukraine has received security guarantees from the US ad Russia, which are essentially those already available to it as a member of the Conference for Security and Co-operation in Europe and as a signatory to the Non-Proliferation treaty. These, in sum, come down to guarantees of assistance in the case of attack – though Mr Kravchuk stressed its best guarantee was in continued good relations with its neighbours and in reviving its economy.

A dispute over uranium sales is delaying the signing of a comprehensive trade and co-operation accord between the EU and Russia, EU officials said yesterday, AP reports from Brussels.

Moscow wants to increase its sale of uranium under the terms of the proposed accord. France, meanwhile, is seeking more protection for its own producers.

Signing of the accord was twice postponed last year. The EU's top trade official, Sir Leon Brittan, yesterday urged the west to do more to help eastern Europe and Russia.

Quite how much financial and other compensation it will receive is cloudy. It is due some $175m for the dismantling of the tactical nuclear weapons it has already undertaken, and will have that topped up to $300m in bilateral assistance. It may receive as much as $1bn in further compensation.

The US has privately told the Ukrainians that they will ask the Wold Bank for $300m in import adjustment support – even before a credible plan is on the table. However, once economic reform, long stalled, does come to the forefront, "several billion dollars" (according to one senior offical) will be put up by the International Monetary Fund and the World Bank. Once this happened, international investment would begin to flow.

Mr Kravchuk also said that a component of the agreement would be a reduction of the Rbs3,000bn energy debt which his country owes to Russia – though Mr Andrei Kozyrev, denied it to Interfax News Agency yesterday. Mr Viktor Chernomyrdin, Russian prime minister, is said to have agreed at the Commonwealth of Independent States summit last year, to supply cut-price oil and gas to Ukraine.

Beyond these substantive possibilities, there is the more intangible one of Ukraine setting an example for other nuclear powers – one to which Mr Kravchuk attached great importance.

Finally, as Mr Kravchuk admitted, the status of Crimea and the ownership of the Black Sea Fleet remains contentious between the two countries. A nationalist-minded parliament in Russia and a possibly fearful one in Ukraine may not see it, as Mr Kravchuk does, as a "potential bridge of friendship. The full stop has been put to the agreement on paper: not yet in practice.

Clinton tunes into Europe

By Jurek Martin in Moscow

It really does not make too much difference if it is Peoria or Prague, Malibu or Moscow, Bill Clinton, never an easy man to pin down, is developing a certain consistency of behaviour.

For starters, he will play the saxophone wherever he goes. He did so at a bar in Prague on Tuesday, in Boris Yeltsin's dacha on Thursday in the middle of a meal appropriately featuring lip of moose and undoubtedly would have performed at Kiev airport on Wednesday had the Ukrainian army jazz ensemble been rustled up in time to accompany him.

He no longer needs to pack his own horn on Air Force One. He was presented with a new one in Brussels (the saxophone was invented by a Belgian, Adolphe Sachs) and a signed one by Vaclav Havel, the Czech president once better known for making music with words.

The Russian saxophone industry is underdeveloped but Mr Yeltsin managed to come up with a small porcelain figurine featuring Mr Clinton carrying his beloved instrument.

Jazz, of course, is the great American indigenous art form, along with the movies, which Ronald Reagan, about as good an actor as Mr Clinton is a sax player, deployed to some effect. At least Summertime, a favourite in the Clinton repertoire and an antidote to snowy Moscow, is more uplifting than Bedtime for Bonzo, if less funny.

Next, this president cannot resist crowds, especially if they are to be found in restaurants and food shops, preferably those he remembers frequenting as a student travelling in Europe 25 years ago.

Raised since, like most US politicians, on the rubber chicken circuit, he was irresistibly and understandably drawn to bread and sausage establishments in Moscow, no longer having to jump queues to get in and paying, like all good Russians are now supposed to, in roubles.

Clinton, sporting a Russian fur hat, waves to the crowds outside the Kremlin yesterday Associated Press

He is also an unstoppable talker. This may happen quasi-informally, as this week he strolled in the Grande Place in Brussels, along the Charles Bridge in Prague and in and around Red Square here, or in his favourite forum, the televised "town meeting," such as took place yesterday afternoon at the Ostankino studios and at the Kmart store in Prague.

Eclectic though he may be, however, his message is also getting consistent. A constant throughout his week in Europe has been the virtues of continental integration: in the Czech Republic and Russia the emphasis has been more on the virtues of democracy and market-oriented economic reform.

His legendary empathy seems to be applied equally to the high and low. The Russians may be liking Boris Yeltsin less and less but Mr Clinton and the Russian president appear to get on famously, hugging and clutching each other and cracking jokes, presumably about defence conversion. Stern western Europeans, like Jacques Delors and Manfred Wörner, have been charmed out of their socks, Helmut Kohl was compared to a sumo wrestler and he delicately avoided any discussion of basic issues, even retrospective ones, with John Major.

In other respects, it has not been an easy week for Mr Clinton. He is reportedly still grieving for his mother, who died last week, and must have had part of his mind on the Whitewater developments back home in Washington.

This has been a particular frustration for the 200 strong and progressively exhausted travelling White House press corps as it debated whether or not to press him on Whitewater.

The denouement finally came in Kiev when a network TV reporter broke the ice and asked *the* question. For the first, and only, time this week, Bill Clinton was not amused.

Ex-Communist is elected speaker

By Leyla Boulton in Moscow

Mr Ivan Rybkin, a true believer who remained in the Communist Party well after it became fashionable to leave, was yesterday elected speaker of Russia's lower chamber of parliament.

A party apparatchik who joined the Agrarian Party just before last month's elections, Mr Rybkin was the agreed candidate of pro-Communists and ultra-nationalists who dominate the newly-elected State Duma. Despite a solid boycott by Russia's Choice and other pro-reformist parties – which narrowed his victory to just one vote – his victory was a consequence of the unity of the more numerous conservatives.

Mr Sergei Shakhrai, head of the small Party of Russian Unity and Accord, said the 47-year-old Mr Rybkin was a capable organiser but would find his independence limited by the fact he owed his election to the support of Mr Vladimir Zhirinovsky's Liberal Democratic party.

Although neutral figures in most countries, speakers in Russia have tended to influence the decisions of parliaments, which is why Mr Rybkin's bid for the post sparked such fierce emotion on both sides of the barricades.

Striking a conciliatory note, Mr Rybkin said yesterday that the polarised parliament was "doomed to co-operate" to ensure its normal functioning.

Citibank tries to woo Muscovites

By Leyla Boulton

Citibank, braving uncertainty about the rights of western banks in Russia, yesterday became the first to open a subsidiary in Moscow.

The new bank was inaugurated by Mr Lloyd Bentsen, US treasury secretary, in Moscow for the US-Russian summit, and Mr Victor Gerashchenko, Russian central bank chairman. Mr Gerashchenko last year gave licences to a dozen western banks but their terms were curtailed by a presidential decree issued to woo Russian bankers ahead of last month's parliamentary poll.

The decree said banks which received full banking licences but were more than 50 per cent western-owned could not serve Russian residents until January 1996. This in theory restricted them to offshore banking functions.

President Boris Yeltsin later back-tracked on the decree – designed to meet banks' demands for protection from foreign competition – by telling the European Union terms would be softened for their banks. But nothing similar has been said to the Americans, or to third countries such as Turkey, whose Yapi ve Kredi Bankasi has agreed to cut its shareholding in a joint venture with Russia's Toko Bank to 50 from 51 per cent in order to evade restrictions imposed by the decree

NEWS IN BRIEF

Taiwan set to lift rice import ban

Taiwan plans to lift its two-decade-old ban on rice imports in 1995 if it can join the General Agreement on Tariffs and Trade (Gatt) this year, the government's Council of Agriculture said yesterday. Reuter reports from Taipei.

"The council has decided in principle how to deal with rice imports once Taiwan enters Gatt this year," Mr Lee Cheng-chung, head of the council's food and agriculture department, said.

"We would start by importing 1 per cent of our annual rice consumption in 1995 and gradually rise to 4 per cent in the tenth year, similar to South Korea's plans," he said.

● Taiwan, stung by two diplomatic defeats at the hands of China this week, said yesterday it may postpone high-level talks with Beijing scheduled for the end of this month.

France and China released a joint statement in which Paris agreed to ban future sales of French arms to Taiwan. The southern African state of Lesotho switched diplomatic recognition to China from Taiwan leaving Taipei recognised by only 28 foreign governments.

Finland cuts interest rates

Finland's central bank is to cut its base rate to 5.25 per cent from February 1 – the lowest level since 1954, writes Christopher Brown-Humes in Stockholm.

It said the cut from 5.5 per cent had been made possible by the signs of economic recovery, an improvement in Finland's current account deficit and a slowdown in the country's inflation rate.

Spanish inflation rises to 4.9%

A sharp rise in fresh food prices last month pushed Spain's year-on-year headline inflation rate at the end of 1993 up to 4.9 per cent, 0.4 per cent above the government's target, writes Tom Burns in Madrid.

The increase could undermine government efforts to enforce wage moderation this year.

Fresh food prices jumped 1.5 per cent against a rise of 0.5 per cent in December 1992. Rises in other components of the price index were below those of 1992 when headline inflation finished the year at 5.3 per cent.

Underlying inflation, which excludes volatile food and energy prices, ended the year with a rise of 5 per cent, the lowest for more than 20 years and down from 6.8 per cent at the end 1992.

French press squeezed by falling sales and advertising

Two tabloids are launched, reports **Alice Rawsthorn**. But this does not hide high costs and declining revenues elsewhere

The Paris news-seller glanced at the colourful front pages of InfoMatin and Aujourd'hui, the new French tabloids. "It's been a good week," he said. "My customers have bought these new papers as well as their usual ones. But it won't go on forever."

So far, both InfoMatin, the morning paper launched on Monday by Le Monde, and Aujourd'hui, which came out 10 days ago as the national version of Le Parisien, the popular Paris tabloid, say their sales are above target. But they are braced for a tough time once the novelty wears off.

The French newspaper industry is in crisis. The recession has caused a sharp fall in advertising revenue and accelerated the long term sales decline of national dailies, such as Le Monde and Le Figaro.

The industry is so secretive that it is difficult to assess the impact of these problems. All the big titles are in private hands. The enigmatic Mr Robert Hersant owns Le Figaro, the sensationalist France-Soir and a big group of regional papers. Le Monde is controlled by a closed group of shareholders, as is Libération, the liberal-left daily. Le Parisien belongs to the Armaury family.

But there are signs of strain. The Expansion group last year sold La Tribune and L'Agéfi, its financial dailies, to LVMH, the luxury goods company. Expansion itself was this month rescued by CEP, an investment consortium. Le Jour, a new daily launched last year, has closed. Some Hersant titles are said to be up for sale including the loss-making France-Soir.

The worst problem is advertising. The recession has had a devastating effect on classified advertising for recruitment and property. "I know of papers that have lost 80 per cent of their classified advertising in the past two years," says Mr Patrick Jousseaume, media analyst at Ferri, the Paris stockbroker.

Display advertising has also declined as mainstream advertisers have trimmed budgets. This problem has been aggravated by the impact of reform in the advertising industry implemented by the old socialist government. The reform was intended to erode the power of specialist media buying groups or agencies. But by transferring responsibility for media buying from the advertisers themselves, it has had the effect of concentrating spending on fewer media: generally spending more on television and less on press.

National newspapers have borne the brunt of the decline. Industry estimates suggest that their advertising revenue has fallen by 27 per cent in the past two years and is set to fall by 10 per cent in 1994. The comparable figures for the regional press are 14 per cent and 6 per cent.

The nationals' plight is due partly to the advertising reform and partly to their dwindling sales. France's three biggest selling papers are regionals: Ouest France with a 770,000 circulation, Le Progrès in Lyon with 450,000 and Le Parisien with 395,000. Le Figaro, the leading national, has seen its sales fall from 432,000 to below 380,000 in the past five years. Le Parisien has just ended its third year of growth.

One reason for the nationals' decline is increased competition from television since the government's deregulation drive in the 1980s, which shook up the old state-controlled system by launching new channels. "People still buy local papers because they provide news that isn't available on television," says Mr Pierre Flabbée, media analyst at Paribas. "But they've definitely cut down on the nationals."

The newspapers have found it difficult to fight back. They are burdened by high costs due to the power of the trade unions which has left them prey to strikes and with relatively high staffing levels. As a result French newspapers tend to be expensive. Le Monde costs FFr7 (80 pence). Even downmarket France-Soir sells for FFr5. InfoMatin and Aujourd'hui have tactically adopted lower prices of FFr3 and FFr3.50 respectively.

But there is little the new launches can do to counter the rigidity of the distribution system, a monopoly controlled by Les Nouvelles Messageries de la Presse Parisienne. The system is not only expensive but inflexible thereby impeding the nationals' attempts to boost sales outside Paris. Libération still depends on the Paris region for half its sales.

These long term problems will impede the industry's efforts to overcome the short term pressures of recession. Analysts do not expect the advertising market to recover until next year.

In the meantime the casualties seem set to continue. The only consolation is that there seems to be no shortage of potential rescuers as LVMH's recent acquisitions illustrate.

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Machinery sales to N Korea may have breached Cocom rules

Japanese raided over exports

By Michiyo Nakamoto in Tokyo

Japanese police have raided the offices of several companies suspected of having exported a device to North Korea that could be used to guide ballistic missiles, in breach of Cocom rules banning strategic exports to communist countries.

A police spokesman said the probe involved machinery manufacturers and trading houses but declined to name them.

According to the Yomiuri Shimbun newspaper, the companies are suspected of exporting spectrum analysers to North Korea which might have been used to test the country's ballistic missiles launches.

Under Cocom rules, exports to communist countries of equipment that might be used for military purposes, are strictly regulated.

The offices raided by the police include that of a Yokohama-based trading company which specialises in trade with China, North Korea and Vietnam.

It is suspected that the trading houses under investigation acquired a number of spectrum analysers which they exported to North Korea, possibly through a third country, five years ago.

While the manufacturer of the spectrum analysers is also being investigated, it is possible that staff did not know where the equipment was bound as sales are commonly made through trading companies, police said.

The possibilty that spectrum analysers, commonly used to measure the spectrum of radar or telecommunications equipment, had been exported to North Korea from Japan, emerged after North Korea successfully launched its intermediate range ballistic missile, the Rodong 1, in the Sea of Japan last May.

The missile is thought to be capable of reaching any point in western Japan in less than 10 minutes.

There are some suspicions that the equipment exported from Japan several years ago may have been used in the test of the Rodong 1.

Mr Hiroshi Kumagai, Minister of International Trade and Industry said that the ministry would co-operate with the police but also conduct its own investigation into the matter.

Nissan dealer to sell Ford vehicles in Japan

By Michiyo Nakamoto in Tokyo

A leading dealer linked to Nissan, Japan's second largest carmaker, has agreed to sell cars made by Ford in Japan in a move that could help ease trade friction with the US.

Tokyo Nissan Auto Sales, one of Nissan's leading dealers based in central Tokyo, said it reached agreement with Ford on Wednesday to sell the US company's cars in Japan starting this spring.

Details on which models are to be sold and how many have yet to be decided, but the dealer hopes to sell Ford's Taurus, Explorer and the new Mustang cars at stores independently of those selling Nissan cars, the company said. Ford's cars are already sold through 300 Mazda dealers in Japan.

The decision by Nissan to give the go-ahead to a deal between one of its main dealers and a foreign competitor, sends a clear signal to other Japanese car dealers that carmakers are increasingly prepared to relax their grip on the choice of cars their dealers sell.

Nissan, which owns 25 per cent of Tokyo Nissan Sales, said the deal was an issue between Tokyo Nissan Sales and Ford and that it had merely made the introduction.

However, the close links between Japanese carmakers and dealers have, in practice, prevented most dealers from selling cars other than those allotted to them by the manufacturers. This has led to an admission by the country's Fair Trade Commission that dealers are tightly bound to carmakers and has prompted US charges that Japan's car market is closed.

The agreement follows a deal last year between Toyota and GM, the largest of the US big three carmakers, for Toyota to sell 20,000 GM cars through its dealerships in Japan starting in 1996.

It comes as US-Japan tensions have been rising in recent weeks over a lack of progress in a series of bilateral trade talks aimed at increasing foreign penetration of Japan's markets. Disagreements on how to tackle the huge US trade deficit with Japan in car parts have been particularly difficult to bridge.

Industry federation facing change

Toyota chief asked to head business group

By William Dawkins in Tokyo

Mr Shoichiro Toyoda, the scion of one of Japan's great industrial dynasties, has been asked to take over the Keidanren, the leading business federation and lobby group, from the end of May.

Mr Toyoda, 68, chairman of Toyota, Japan's largest car maker, and currently vice chairman of the Keidanren, said yesterday he had been informally approached by Mr Gaishi Hiraiwa, 79, the Keidanren's leader who is to retire. Mr Toyoda, on a business trip to Britain, will decide on his return.

The change at the top of the federation comes as it is rethinking its political links as a result of the new Japanese government's campaign to weaken the so-called iron triangle of business, bureaucracy and politics that used to run Japan behind the scenes.

Until recently, the front runner for the job was Mr Akio Morita, the chairman of Sony, but he withdrew after a brain haemorrhage last month.

His outspoken style, electronics background and position as head of a company founded after the second world war would have made a big change from the Keidanren tradition of choosing diplomatic leaders from older engineering industries.

Mr Toyoda, appears on the surface to represent a continuation of the Keidanren's traditional distinguished style. But Mr Hiraiwa feels he would rejuvenate the organisation, said officials.

Mr Toyoda is the son of the founder of Toyota Motor and the grandson of the man who founded Toyota Automatic Loom Works in 1926, the car group's predecessor.

Known as a strong management leader, Mr Toyoda has spent almost all his professional life in the family firm, taking a break only to write a thesis on fuel injection.

Shoichiro Toyoda: promise of rejuvenation Associated Press

Italian election expected in March

By Robert Graham in Rome

Italy's President Oscar Luigi Scalfaro is expected this weekend to announce the dissolution of parliament and a date for early general elections.

The most likely dates are March 20 or March 27; but some reports said President Scalfaro might let polling day slip into early April after requests from his Christian Democrat party who are upset by the early dissolution.

The dissolution has been brought about by the discrediting of the main parties because of corruption scandals and the limited mandate of the eight-month-old Ciampi government. On Thursday Mr Carlo Azeglio Ciampi, the 73-year-old former governor of the Bank of Italy, resigned. He said he had accomplished his expressed aim of introducing an austerity budget for 1994 and supervising electoral reform.

Fugitive helps unravel scandal

The decision of Mr Mauro Giallombardo, former personal secretary to Mr Bettino Craxi, the former Socialist leader, to surrender to Milan magistrates is expected to help them establish how much of the corrupt funding of political parties was syphoned off by individuals.

Mr Giallombardo, a fugitive for nearly a year, helped set up two finance groups in Luxembourg, Merchant Italia and Merchant Europa, and until last year had links with Luxembourg International Bank.

During the trial in Milan of Mr Sergio Cusani, a financial consultant close to the Socialist Party who acted for the Ferruzzi family, evidence has emerged of regular use of accounts at the latter bank for funds collected from individual businessmen and companies.

The magistrates, with the co-operation of the Luxembourg authorities, have begun to trace these funds.

Wildlife hero quits after smear attacks

By Julian Ozanne in Nairobi

Corruption and venal personality power politics in Kenya yesterday claimed Mr Richard Leakey, the international face of wildlife conservation and anti-poaching efforts in East Africa.

If Mr Leakey's resignation is accepted by President Daniel Arap Moi it will raise severe doubts among international donors. They have pledged up to $300m and see Mr Leakey as personally responsible for successes over the past five years to stamp out poaching and improve efficiency and profitability of wildlife - the base of Kenya's tourism industry.

Mr Leakey, whose crusade led to a worldwide ban on the ivory trade, announced his resignation from the Kenya Wildlife Service after a two week smear campaign alleging racism, arrogance and irregular management decisions. The government has set up a probe into Mr Leakey and the KWS Service but refused to make public the terms of reference.

President Moi, who appointed Mr Leakey five years ago at the height of a grave elephant poaching and corruption crisis has remained silent. In the past Mr Moi has often quietly backed smear campaigns against ministers and officials before sacking them.

At the heart of the row is the issue of land allocation in wildlife areas made by Mr Leakey.

Mr Leakey, warned that his resignation would have "far reaching consequences", and said he had resisted attempts at what he called "land grabbing" by politicians. He gave four specific examples including an attempt by "certain political figures" to have 10,000 acres carved out of the Tsavo National Park.

"Has my insistence that the wildlife protected areas be protected from some greedy people been the reason for this charge (of arrogance)? I suspect so," Mr Leakey said. "There are numerous examples where the national interest would have been compromised had I given in."

Close associates and friends of Mr Leakey admit that he is abrasive and can be arrogant. He has built up an independent and powerful fiefdom at KWS and bruised many political egos and created jealousies. Backed by the president and embraced as the darling of international conservation groups, Mr Leakey felt he was untouchable and often acted without too much consultation.

But many say he almost single-handedly restored international credibility to the Kenyan wildlife department which was tarnished throughout the 1980s with corruption, nepotism, political interference, inefficiency and allegations that leading Kenyan families were involved with poaching of ivory and rhino horn.

GM loses fight over production at Finnish plant

By Kevin Done, Motor Industry Correspondent

General Motors, the US car maker, must continue making cars in Finland until the end of 1996 at the plant of its former partner Valmet, the majority Finnish state-owned engineering group.

The two companies have been locked in legal conflict since 1992 following GM Europe's decision to transfer production of its Opel/Vauxhall Calibra coupé from Valmet's plant at Uusikaupunki to one of its main German plants at Rüsselsheim, near Frankfurt from December 1992.

GM moved the Finnish assembly to Germany to improve capacity utilisation at the Rüsselsheim plant and to avoid the added cost penalties of production in Finland.

Valmet responded with a series of legal actions, which ended yesterday when GM was forced to accept a settlement, after it became clear that it was about to lose its case before an international tribunal in Paris.

GM said that under the terms of the settlement all other outstanding legal disputes between the two groups had been dropped.

The US carmaker has been forced to place 45 per cent of its planned production of the Calibra at the Finnish plant starting in the second quarter of this year and running to the end of 1996, when its original agreement with Valmet was due to expire.

It must also pay compensation to Valmet for the 15 months from the end of 1992, during which output in Finland has been severely curtailed with the loss to Valmet of around 10,000 cars. The size of the damages was not disclosed.

GM was forced by a German court order last year to resume small volume production in the second half of 1993 pending the outcome of the arbitration.

The US carmaker said that it expected total Calibra output to reach about 27,000 this year, of which about 1,000 a month would be produced in Finland from the beginning of April.

Output of the Calibra began in Finland in March 1991 at a time when GM needed extra capacity in west Europe with record demand for new cars.

Mr David Herman, chief executive of Opel, GM's German subsidiary, said that the company would incur a cost penalty of DM4,000 - DM5,000 per car for the Calibras produced in Finland.

Venezuelan authorities try to save Banco Latino

By Joseph Mann in Caracas

Venezuelan president, Mr Ramon Velasquez, was meeting yesterday with the country's monetary authorities in an effort to save Banco Latino, the country's second largest commercial bank, which closed its doors after the disclosure it was suffering serious financial problems.

National Guardsmen were posted outside Banco Latino's headquarters in Caracas yesterday and the bank, which has branches nationwide, was closed. There was no indication as to when it might reopen.

The government is seen by financial experts as trying to avoid direct intervention – which could prove to be expensive. It has urged other banks to provide assistance to Banco Latino. Its board said it had suffered "a criminal rumour campaign" over the past three months that caused the loss of over $500m (£337m) in deposits.

The Venezuelan financial system was relatively calm yesterday. However, the price of Venezuelan government bonds in the international markets fell as much as 4 per cent yesterday before recovering slightly.

The Minister of Finance, Mr Carlos Rafael Silva, said that the authorities must determine whether Banco Latino's problem is "illiquidity or insolvency".

Banco Latino, which over the past year has offered among the country's highest interest rates on savings and term deposits, began suffering from a severe liquidity crunch last month, and received large sums in rediscounts and advances from the Central Bank. The situation was not stabilised, however, and on January 12 the bank could not meet its obligations in the national cheque clearing system.

While the true causes of Banco Latino's problems are not yet clear, this troubled financial institution and some other domestic banks have been hit hard by a recession that began last year and that affected their loan portfolios. Ironically, a new banking law stipulating stricter government supervision and control of banks, plus more stringent capital requirements, went into effect on January 1.

At a meeting in the Central Bank Thursday, representatives of Banco Latino reportedly agreed to raise capital by $18.6m and seek to strengthen the board by adding new domestic and foreign investors.

SALEROOM

Plenty of demand for good Old Masters

By Antony Thorncroft

The works of art that filled the Park Avenue apartment of the late Peter Jay Sharp, the real estate developer who owned the Carlyle Hotel in New York, were sold by Sotheby's in New York on Thursday for $19.3m. The auction was almost 95 per cent sold by value and 68 of the 77 lots offered found buyers.

The top price was the $2.3m paid for two imaginary views of Venice by Canaletto, but a greater surprise was the $2.2m which secured a virtuoso painting of a boy drinking from a glass by the 16th century Italian artist Annibale Carracci. It was a record for Carracci, and the price more than doubled the pre-sale estimate.

Among the other artist records achieved were the $1.65m for "The Presentation in the Temple", a record for a sketch by Rubens; $1.54m for a portrait of a young man with a recorder by the early 16th century Italian artist Giovanni Savoldo; and the $1.15m for a portrait of a young man holding a book by Savoldo's contemporary, the Flemish artist Jan Gossaert, called Mabuse.

All the paintings were of high quality but they had only recently been acquired by Sharp and works which reappear quickly for sale rarely do so well. There is obviously a pent-up demand for good Old Master paintings.

Among the furniture the top price was the $739,500 paid for a set of three Louis XVI cabinets made around 1780 by Adam Weisweiler. They had sold at Sotheby's in 1985, presumably to Mr Sharp, for $264,000.

Ignorance underpins soaring Malay stocks

Private investors have piled into shares, with unpredictable results, writes **Kieran Cooke**

Florrie Chong and her brother Sammy run a unisex hairdressing salon in Kuala Lumpur. Florrie and a team of girls cut the hair. Sammy, who is blind, is much sought after for his head massages.

None of the idle chit chat of film stars, football matches or sex scandals at Florrie's. All the talk is about the stock market.

"I told Sammy to sell his shares when they reached M$10 (£2.50) but he won't listen," says Florrie. He bought at M$2.50 – he thinks they might go still higher."

Stock market fever has gripped Malaysia over much of the last year. In common with most stock markets in Asia, the Kuala Lumpur bourse has been flying high.

The Kuala Lumpur index rose 98 per cent in 1993. Market capitalisation nearly trebled to M$600bn. Most spectacularly of all, daily turnover has increased from M$200m 12 months ago to between M$3bn and M$4bn now.

Michael Greenall, an investment analyst with Barings Securities in Kuala Lumpur, says: "What makes this market interesting is that it's not been the fund managers and institutions that have been driving shares up. It's the shopkeepers, housewives, even the civil servants. They are the ones who jam the broking houses. They are the ones who are shouting trading orders down their mobile phones."

In most markets the so-called retail sector accounts for a relatively small amount of share transactions. But in Kuala Lumpur the institutions have been elbowed out by individual buyers, who account for an estimated 70 per cent of share dealings.

"For years people have been parking their money in safe havens overseas," says the head of a local securities house. "Now they are bringing it back. That's a good thing. But it's going into highly speculative stocks. Ignorance is mixing with greed. It's a lethal combination."

Greed was certainly evident at a recent car crash outside Kuala Lumpur in which four people were killed.

A macabre feature at the site of such accidents is people noting down the numbers of crashed vehicles – for betting in the lottery. But in this accident one of the cars involved had been delivering share scrip. Passers-by were seen bundling the stolen scrip into their cars and driving away.

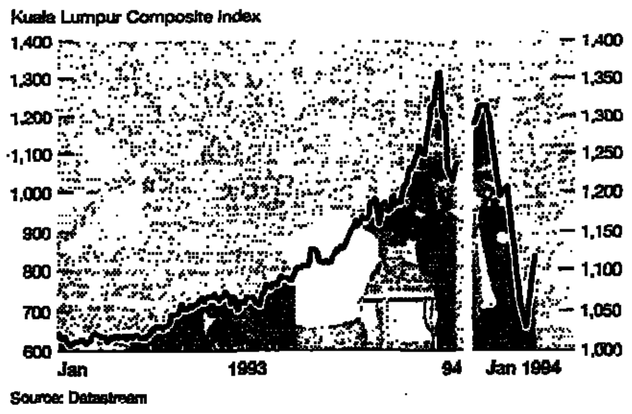
Stock market gurus struggle to find rational explanations for the stock market euphoria. Malaysia's economy continues to perform well – outstandingly in comparison with the sluggish western countries. For the sixth year in succession, Malaysia's gross domestic product increased by more than 8 per cent in 1993.

But more cautious market observers say Malaysia's economic fundamentals have not changed much in the last nine months. In fact, with a sharp drop in foreign investment and renewed inflationary pressures, things are not looking quite as rosy as they once were.

However, stock market punters give short shrift to fundamentals. Like many countries in Asia, politics and business in Malaysia are closely linked. To most stock market traders, the political connections of a company are far more important than price earnings ratios or balance sheets.

While foreign institutions have been investing in blue chips, locals have preferred the smaller, more volatile shares listed on the market's second board, the index of which went up by more than 150 per cent last year.

Union Paper Holdings is a small second board company



Source: Datastream

involved in manufacturing toilet paper and joss sticks. In the middle of last year rumours went round that Union Paper was about to be taken over by a co-operative linked to the United Malays National Organisation (Umno), Malaysia's dominant political party.

Union Paper's shares went into orbit, rising from M$1.73 to M$23. In the event, there was no Umno takeover. Share dealing scandals involving a number of Kuala Lumpur's prominent business people erupted over the affair. Many shareholders got badly burned as the shares dropped back to earth.

The government has been in two minds about the stockmarket fever. At first it was giving share traders an Ivan Boesky style pat on the back. The soaring stockmarket, said the government, was yet one more indication of Malaysia's economic success.

But as the stockmarket reached undreamt of heights in the first week of this year it grew concerned. With so many individuals involved in the market, the social and political consequences of a sharp fall in prices could be severe.

As a result, Mr Daim Zainuddin, a former finance minister, said things had reached a dangerous stage and the time had come for a big correction.

"Almost everybody is getting into the market," said Mr Daim. "Everybody is busy on the phone. Nobody seems to be working. Everyone talks about shares. This will affect productivity and low productivity will affect our economy."

Mr Daim is no ordinary politician. He is a close confidant of Dr Mahathir Mohamad, Malaysia's prime minister. He is treasurer of the Umno party. Most importantly, he is one of Malaysia's richest men who has been behind many of the country's biggest corporate restructurings – and an avid market player. Mr Daim said he had already "cashed out".

Mr Daim's words had the desired effect. In the following three days the market went down by 14 per cent. Then it seems the government became alarmed that the fall was a little too steep. Mr Daim was again on the front pages of yesterday's papers, saying that the market would bounce back again.

Sure enough it did, rising 10 per cent yesterday.

Once again, the market was the only topic of conversation down at Florrie Chong's hair salon. And Sammy still hasn't sold his shares.

Seoul takes action to cool raging bourse

By John Burton in Seoul

Share prices on the Seoul bourse fell sharply yesterday as the South Korean government proposed measures to dampen what it feared as destabilising speculation in the stock market.

Although the 28 per cent rise in the Korean share index last year was modest compared to other booming Asian markets, government officials have expressed concern in recent weeks that the stock market was becoming overheated.

Measures announced by the government yesterday include requiring institutional investors to make a 20 per cent deposit on stock purchases and discourage banks and other financial institutions, which operate under state supervision, from buying shares.

It will also lift a ban on selling short on stock, which will enable investors to borrow shares from brokerage houses and sell them. The ban was introduced four years ago in an effort to revive the then-ailing bourse.

The government is also demanding that the country's three big investment trust companies sell stocks to pay back loans from the central bank.

If the measures fail to cool the market, more companies will be allowed to go public and issue new shares to soak up liquidity.

News of the measures, which will go into effect on Monday, sent the Korean general share index down by 19 points to 879, slightly above the year-end closing figure of 866.

"It's disappointing news after the government has tried to build up the market during the last four years," said Mr Peter Thorn, chief representative for W.I. Carr in Seoul.

Many international institutional investors have predicted that Korea would be one of the leading global bourse performers in 1994 since its shares are still considered undervalued.

Some analysts believe that the measures are being taken to slow down sizeable capital inflows from foreign investors, which the government regards as potentially destabilising since it would increase the money supply and led to higher inflation.

Lloyd's refuses to renegotiate offer to Names

By Richard Lapper

Lloyd's of London yesterday refused to reopen negotiations over its £900m settlement offer, amid increasing indications that a majority of Names – the individuals who have traditionally supported the insurance market – will vote down the deal next month.

Mr Peter Middleton, the chief executive, said Lloyd's had considered a possible suspension of the offer to allow talks to take place, but rejected the idea because such a move could "give rise to wrong expectations".

He said: "People would infer that we can increase the offer when we can't.

"There isn't going to be another offer," he added. "We aren't going to devote any more time to it. "Names have got to understand that this is it."

Two of the biggest groups of loss-making Names – Gooda Walker and Feltrim – are expected to reject the deal when they meet next week.

Some 3,000 Gooda Walker Names are likely to vote to pursue legal claims for £580m through the courts when they meet on Monday.

The committee of the Feltrim Names Association, which called for fresh talks with Lloyd's earlier this week, has also recommended against acceptance of the offer. Both groups would receive less than 40p in the pound from the offer.

Names must decide on the deal by February 11. Success depends on at least 70 per cent of Names, by value of the offer, voting in favour.

Mr Middleton conceded that the deal was "imperfect" but said it offered "certainty" to loss-making Names. He said errors and omissions (E&O) insurers, which cover Lloyd's agents against legal awards for negligence, would not increase their contribution – understood to be about £400m – to the settlement package.

The offer document states that between £820m and £1.085bn of E&O cover is available to meet claims of £2.8bn by Names covered by the deal.

Mr Middleton said not all this cover would be triggered by successful legal action, however. If Names rejected the offer it would be unlikely that Lloyd's could revive the deal, he predicted.

"My concern is that a number of Names will reject the offer and regret it," he said.

Mr Middleton sought to play down the impact of rejection on Lloyd's business prospects. These are now viewed as more positive after increases in insurance rates and a much stronger inflow of capital into the market.

"If they think they'll do better in the courts that's fine by me," he said.

Building societies lobby for PIA

By Alison Smith

The battle in the life insurance industry over the future regulatory system is intensifying, with supporters of self-regulation through the planned Personal Investment Authority becoming more vocal.

Following a meeting of the Building Societies Association council this week, Mr Geoffrey Lister, its chairman, has written to the Financial Times to express the sector's backing for the PIA as currently envisaged.

"Building societies believe that the PIA offers an excellent chance of providing the necessary reassurance to customers that the industry truly has their best interests at heart, while at the same time ensuring that the industry view is heard," he says in a letter which is published today.

His intervention follows a statement this week from Standard Life, one of the UK's largest life insurance companies. It is withdrawing support from the PIA on the basis that with only nine industry practitioners on its 19-strong board, it does not amount to self-regulation.

Standard Life's move, and its call for statutory regulation instead, has highlighted the divide among life insurance companies over the issue.

Mr George Greener, chairman of Allied Dunbar Assurance and of Eagle Star Holdings, believes the industry has put so much effort into self-regulation that it must continue to show that it can make that system work.

To win support across the industry, he proposes that the PIA sets up a supervisory board, with a majority of public interest members, to oversee an executive committee made up of practitioners.

Scottish life companies have already become openly divided, with Scottish Amicable backing Standard Life, but Scottish Widows and Scottish Provident supporting the PIA.

Allied Dunbar, the financial services subsidiary of BAT, is also about to declare its support for the PIA.

Letters, Page 7

Capital issues hit record £35.2bn

Capital-raising issues worth a record £35.2bn were announced by the UK corporate sector in 1993, according to figures released by the Bank of England yesterday, **Philip Coggan writes.** The total in 1992 was £17.3bn.

Almost £17bn of ordinary share issues were announced in 1993, compared with £6.5bn in 1992. Financial institutions announced £15.8bn of capital-raising issues, higher than 1991 and 1992 combined.

Bank of England figures show that, after redemptions, net issues by UK borrowers in 1993 were £30bn. This volume failed to dent the bond and equity markets, which provided investors with returns of more than 20 per cent.

Warning of more coal mine closures

British Coal yesterday warned that more closures among the remaining 22 operating pits were inevitable.

But Mr Andrew Horsler, commercial director, said that the programme of restructuring was nearing its end.

Meanwhile a management buy-out team at the Betws pit in south Wales said it hoped to resume mining this spring after British Coal indicated that it was the preferred candidate to operate the mine.

Court hearing over Nadir bail

Mr Ramadan Guney, the businessman who stood bail of £1m for Mr Asil Nadir, yesterday asked the High Court to overturn an order that he should pay £625,000 after the fugitive businessman's flight to northern Cyprus.

His lawyers claim that errors made by the Polly Peck trial judge in handling the bail procedures mean Mr Guney is no longer liable to pay any money. Judgment was reserved.

Paper launched on TV adverts

The Independent Television Commission plans to announce the results of a review of the rules governing television advertising by March.

Yesterday the ITC published a consultation document on the issue putting forward a range of options for change. The ITC does not usually give permission for sales houses selling more than 25 per cent of the total advertising by revenue of the ITV companies.

Investors may get compensation

Customers of three financial services firms who have been declared "in default" may be eligible for compensation, the Investors Compensation Scheme said yesterday.

The three, former members of Fimbra, the self-regulatory organisation for financial advisers, are: Brokeraid, trading as Morgan Associates of Worthing; Highcliffe Financial Services of Lymington; and Siltala Fund Managers of Bishop's Stortford.

Savings figures

Total gross sales of National Savings products in December amounted to £576m. After repayments of £524m and accrued interest of £149m, the contribution to government funding was £201m. Sales included £88m in Income Bonds, £44m in Premium Bonds and £36m each in fixed-interest certificates and Capital Bonds. Total investment at the end of December was £46.4bn.

Lottery bidder

The Tote, the pooled racecourse betting organisation, yesterday confirmed that it was part of a consortium planning to bid for the licence to operate the National Lottery. The consortium includes GEC, Thorn EMI and Autotote Corporation. It said it would not discuss its bid in public.

John Hume briefs journalists in Downing Street after yesterday's meeting with John Major

Adams fails to lift ban as Ulster talks continue

By David Owen

Mr Gerry Adams, the president of Sinn Fein, the political wing of the IRA, yesterday failed in his appeal against an exclusion order keeping him out of mainland Britain.

The move came as the London and Dublin governments signalled their determination to press ahead with talks on the province's future irrespective of whether the republican movement agrees to embrace the UK-Irish peace initiative.

Mr Adams said the decision to retain his ban was "a gratuitous reaffirmation of John Major's arrogant refusal to engage meaningfully and positively" in the peace process.

Republican leaders have still not given a definitive response to last month's Downing Street declaration. The British government now believes that the odds are stacked heavily against an early end to IRA violence.

Downing Street said yesterday that talks – co-ordinated by Mr Michael Ancram, Northern Ireland minister, – had continued this week with a meeting with the Ulster Unionists. Mr Ancram is to meet representatives of the mainly Catholic Social Democratic and Labour party later this month.

A 40-minute meeting at Downing Street between Mr John Major, the prime minister, and Mr John Hume, the SDLP leader, yesterday failed to bridge differences between them over whether London should respond to Sinn Féin's demands for clarification of last month's joint declaration.

But Mr Hume left the "very constructive" meeting in a relatively upbeat mood. He was "very very encouraged" by the fact that Ulster remained at the top of Mr Major's agenda.

Appealing for patience, Mr Hume said he still thought peace was "very very possible". He added: "I do not have a gloomy prospect."

Downing Street said it welcomed Mr Hume's "strong support" for the joint declaration. Mr Major was keeping in close contact with leaders of the other constitutional parties.

Mr Hume confirmed that his contacts with Mr Adams to discuss possible progress on the peace process would continue.

Accountants seek liability limits

By Andrew Jack

Britain's largest accountancy firms have begun putting pressure on clients to agree to limits on their liability when providing them with professional services.

Several of the biggest eight firms have started to introduce into contracts for work a maximum multiple of the fee they would pay out in compensation if the client sought redress.

They have suggested the limitations in higher risk areas such as due diligence investigations and valuations in corporate finance deals, and when conducting internal audit work for companies.

The initiative was triggered by Arthur Andersen as part of the firm's leading role in efforts to reform companies' legislation which forbids accountants from limiting their liability on audit work. The firms have attempted to steer clear of breaching any contracts legislation.

Mr Chris Nunn, a senior technical partner with the firm, confirmed yesterday that the idea had been running over several months among several accountancy firms. He said its launch reflected the desire to develop a consistent approach across all accountancy services in line with lobbying efforts to allow auditors to limit liability.

"We have had a sensible discussion between the firms," he said. "We want to compete on quality and value for money, not on who is prepared to underwrite the biggest risk."

He said the multiple agreed was generally between five and 10 times the fee, and sometimes with far simpler agreements for reimbursement if the client was dissatisfied.

Mr Nunn said that most clients had been receptive to the idea of limiting liability. He said firms would be reluctant to work for those who were not, since they were seeking guarantees rather than professional advice.

In spite of many high-profile audit negligence actions – such as surrounding the collapsed Bank of Credit and Commerce International – many writs against firms relate to their activities in areas other than audit work. These include acquisition advisory and tax work.

KPMG Peat Marwick has in the past few weeks submitted two tender proposals to companies to run their internal auditing, with liability limited in one case to twice and one to about five times the fee.

Mr Jerry Acher, head of accounting and auditing, said his firm was considering proposals to limit liability in other specialisms during the year, such as investigations and public-sector consulting.

"Litigation is blunting the effectiveness of the audit process," he said. "This will enable us to provide the proper service without having to watch over our shoulders. I would be prepared to take a small discount on our fees as part of the cost of practice protection."

Banks expect rise in rate of job cuts

By John Gapper, Banking Editor

Banks expect to shed jobs at an increasing rate in the first quarter of 1994, says a quarterly survey carried out by the Confederation of British Industry and Coopers & Lybrand, the accounting firm.

The survey's release follows announcements of 7,200 extra redundancies this week by Barclays and National Westminster Bank. It found that job reductions in financial services as a whole were expected to be slower than in the last quarter of 1993.

Income from fees, commissions and trading rose in the fourth quarter of last year at the fastest rate recorded since the survey started in 1989.

The survey found activity in financial services had risen markedly in the past three months, with profitability increasing in all sectors. The volume of business was expected to rise more strongly in this quarter.

Confidence among financial services companies rose for the fifth successive quarter but securities traders were less optimistic than in September.

Mr Angus Hislop, a Coopers partner, said financial services companies were keen to cut costs and staff, even with an upturn in business.

Labour councillors attack Brent over housing policy

By John Authers

Labour yesterday sought to intensify pressure on the Conservatives by alleging that the London borough of Brent, Conservative-controlled since 1991, had used similar housing policies to neighbouring Westminster city council.

The charges were denied by the chairman of Brent's housing committee, who said: "The amount of gerrymandering the Labour authorities have done is quite staggering, but they can always turn around and say they have a duty to house the homeless."

Brent has introduced a "portable right to buy" scheme in which tenants who do not want to buy in their own area are allowed to buy in an area which is "more desirable". Flats are kept empty while buyers are sought.

Mr Cyril Shaw, Labour's housing spokesman on the council, said that about 200 properties are left empty at any one time.

Housing associations, whose tenants are thought likely to vote Labour, are not being given permission to build in the more affluent north of the borough, whose Tory MP is Sir Rhodes Boyson.

The bulk of the most attractive sites for new housing association homes are in the north, say housing experts. Yet investment is being concentrated in the south of the borough, which is Labour-dominated and represented in parliament by the Labour MPs Mr Ken Livingstone and Mr Paul Boateng.

Conservatives refused planning permission for a scheme by Paddington Churches Housing Association to build 10 new flats in Sudbury, which is in Gladstone, the most marginal ward in the borough.

Mr Irwin Van Colle, chairman of the housing committee, said: "We have been deluged as an administration with complaints from owner-occupiers who've suddenly found that the new development that was supposedly going to be private-sector homes suddenly becomes social housing with homeless families in the midst of their area.

"We perceive it as a perfectly reasonable thing to represent the views of owner-occupiers who have just as many rights as homeless families."

He said the council's policy was to return housing associations to their "original purpose" of rehabilitating houses.

A motion by Labour councillors for the next council meeting says: "In the light of the revelations of gerrymandering by Westminster, we censure this administration for following precisely the same type of immoral policies, which have resulted in houses staying empty for over a year, and properties required by the community being sold."

Anger over 'the all-round con'

Trevor Humphries

Robert Fox: "The council kept punching away at us to buy"

The Warwick and Brinkly estate is sandwiched between the Westway motorway and the Harrow Road in a poor backwater of Westminster, in the marginal Little Venice ward.

In the late 1980s it was one of the areas targeted – according to the district auditor this week – for the council's designated sales policy, under which empty flats were sold off. The ward was won from Labour by the Tories in the 1990 local elections.

Tenants in the six tower blocks who yielded to council pressure to buy their properties are bitterly regretting their decisions.

They say any savings from ownership are cancelled out by service and other charges which they pay and tenants do not. More importantly, because only a few properties were sold-off, there is no market and they cannot sell their flats.

Only 85 of the 600 flats were sold before the designated sales policy came to an end in that estate in 1988.

Since then the council has been moving in homeless families from bed-and-breakfast accommodation and others who cannot afford to pay rent.

Mrs Winifred Donald, a retired London Transport worker, says: "In the mid-1980s whenever a property became vacant, they put a steel door on to prevent squatters. The council told us the properties would be sold.

"We have lived here since the beginning 30 years ago. We bought in 1987 because it was so cheap. We paid £17,000 which was about 30 per cent of its value, although there was an indemnity which we paid off over five years. But now they have moved all these income-support people in. I've nothing against them, mind, but we will never sell the place now. I voted Conservative last time – I am certainly not going to vote Conservative next time."

Mrs Donald wanted to sell the property for £50,000 and move near to her son in Reading. She says: "We have had no interest, and they've loaded charges on to us. We have been conned."

Mr Robert Fox, 72, a retired brewery worker has also been soured by the experience.

"They [the council] kept punching away at us to buy. They said it would be cheaper than renting and that they wanted to sell the whole block," he says.

"We bought because I've got two boys and I thought it would give them a bit of security. I bought it for £15,000 with a £10,000 indemnity. Even with the indemnity this was only 40 per cent of its face value. I bought it out of savings.

"But now they are putting all these charges on us. We have to pay £4.50 for gates and a concierge they want to put in. They want thousands from us for repairs to the outside of the building. I could not sell the place even if I wanted to although it is supposed to be worth £60,000. It's been one all-round con."

Stewart Dalby

Tories divided over Westminster effect on May elections

By James Blitz

With Britain's local council elections just four months away, allegations of gerrymandering by Westminster city councillors could not have come at a worse time for the Tory party.

But in the face of newspaper headlines about how the Conservative-held council sold homes for votes, Tory MPs remain divided over how much damage the allegations would do to the party in May's polls.

The most pessimistic assessment came from an MP who, until this week's events, had thought that the Conservatives would fare very badly in May's elections. "It now appears that we will be utterly wiped out," he said, recalling that the Conservatives control only one metropolitan council outside London.

His fear was that, like the Scott arms-for-Iraq inquiry, the accusation of gerrymandering would hang over the Tories until it was resolved in the courts. "This kind of activity involves moving so-called socially inadequate people out of your borough and into another," he claimed. "When people realise what these allegations are about they will be utterly disgusted."

No Tory MP questioned the seriousness of the accusations against Dame Shirley Porter, the former council chairman, and her colleagues. But several had grounds for thinking that the political damage could be contained.

One backbencher said Mr John Magill, the district auditor in Westminster, had acted unwisely when criticising councillors this week. The MP echoed remarks by Lord Hailsham, the former lord chancellor, that "grave charges ought not to be made unless the person accused has the right to rebut".

"There needs to be a big debate about the whole process by which district auditors investigate these matters," the MP said.

In a robust radio interview, Lord Tebbit, the former Conservative party chairman, put the point more bluntly. "What we know is that an accountant has made certain allegations about politics," he said. "What we also know is that Westminster council has been an excellent council."

Other MPs believed that Tory campaigners would have plenty of ammunition with which to highlight potentially illegal practices by councillors in Labour-held boroughs.

One MP recalled a district auditor's report last May claiming that Lambeth council in London was owed £173m in unpaid rent, poll tax and debts. "By not collecting rent, Lambeth ensures that Labour voters stay in the borough," he said. "I just don't see how that is worse than what might have happened in Westminster."

He recalled that Mr Herbert Morrison, a prominent member of the post-war Labour government, had threatened to "build the Conservatives" out of London by constructing council houses. Dame Shirley had simply done the opposite, he said.

"Since the war, Labour and Tory governments have had housing policies which resulted in advantageous voting swings in key constituencies," he said.

But he was realistic, too, about the political consequences of this week's scandals on the local elections, which will help to determine whether Mr John Major survives the year as prime minister.

"A great deal of mud has been flying around," he said, "and it's mud that will probably stick."

Mr Bill Phillips, the former managing director of Westminster city council, said yesterday that he was "appalled" at the findings of the district auditor's report and denied he was involved in a cover-up, Peter Marsh writes.

Mr Phillips said he "did not knowingly do anything improper or illegal" when working for the council.

He said that allegations that he had shredded documents relevant to the district auditor's inquiry were "complete and utter rubbish".

He said that during his four years as managing director until 1991 he routinely disposed of documents using a shredding machine in full view of many other council officials outside his office.

None of these documents were related to the inquiry by Mr John Magill, the district auditor.

"If I had disposed of incriminating documents in this way, a lot of people would have seen me," he said.

Mr Phillips, a former civil servant at the Department of the Environment, left Westminster city council to become a director of NB Selection, a London recruitment company.

He will be studying the full version of the report over the next few weeks and will send his views to Mr Magill.

THE THIN BLUE LINE

What the Conservatives are defending in May's council elections

English Metropolitan Districts (36 councils)	
Conservative	1
Labour	25
Hung	10
English non-metropolitan districts (114 councils)	
Conservative	20
Labour	41
Liberal Democrat	7
Hung	45
Independent	1

Welsh districts (4 councils)	
Labour	4
London boroughs (32 councils)	
Conservative	11
Labour	15
Liberal Democrat	3
Hung	3
Scottish regions/islands (12 councils)	
Labour	4
Independent	4
Hung	3
Other	1

Pressure on Patten eases as two unions lift boycott

By John Authers

Pressure on Mr John Patten, the education secretary, eased yesterday when two teachers' unions told members to lift their boycott of national curriculum tests in England and Wales.

The decisions by the ATL and the NASUWT mean that this year's tests are virtually certain to take place. They would also isolate the NUT, the largest teaching union.

Last year all three unions boycotted the tests. This forced the government to abandon its planned school league tables based on test results, and to order a review of the curriculum by Sir Ron Dearing, chairman of the Schools Curriculum and Assessment Authority. This year's tests have been halved in length, Sir Ron says.

Mr Doug McAvoy, NUT general secretary, predicted that the union would continue its boycott after it had finished consulting its members this month. He said: "The decisions of the ATL and the NASUWT will break the unity established last year. That is unfortunate. It will create confusion among teachers and parents."

Mr Nigel de Gruchy, NASUWT general secretary, said: "The executive decided to lift the boycott in recognition of the enormous amount of progress that has been made."

Mr Peter Smith, ATL general secretary, said: "Original concern with the national curriculum tests, later expressed in the ballot of ATL members, was centred upon excessive workload. It is absolutely clear that the tests are now to be shorter and easier to administer."

The ATL and the NASUWT are recommending that the boycott of teachers' assessment of pupils connected to the curriculum should continue where this is "excessive". This centres around the "tick-lists" of *statements of attainment* which teachers must compile, amounting to about 20,000 reports per school year for a typical teacher.

But Sir Ron swiftly indicated that he did not believe that this would be a serious point of contention. He said he urged teachers to "burn their tick-lists" and avoid assessments which were plainly unnecessary, although he made it clear that teachers should still carry out enough assessment to report to parents.

The Department for Education welcomed the decisions.

Caterpillar offers staff de-recognition deal

By Robert Taylor, Labour Correspondent

Caterpillar (UK), the subsidiary of the world's largest manufacturer of earth moving and construction equipment, is asking white-collar staff to give up collective bargaining and accept de-recognition of their unions in return for lump-sum payments of £500 plus a 2 per cent pay rise.

Officials of the unions concerned – the MSF technical union and the Apex white-collar section of the GMB general union – fear that if Caterpillar succeeds with its non-union strategy, other engineering companies will follow its example.

"We are worried this could have a bandwagon effect," said one union official. Caterpillar is a member of the Engineering Employers Federation which the unions say has advised the company.

Senior technical staff members of MSF at the company's Desford digging-machinery plant outside Leicester agreed this week to accept the company's proposal by a majority of 80 per cent to 20 per cent in a secret workplace ballot.

Caterpillar intends to give workers individual contracts of employment and to introduce an incentive compensation plan relating future pay to individual performance, with the possibility of wage increases of up to 14 per cent.

A staff council is to be established, without negotiating rights, together with a company legal protection plan to provide staff with legal advice. Staff will also receive in-house medical check-ups. Apex is to ballot Caterpillar clerical staff on the deal next week, and MSF will ballot the rest of the technical grades. Both recommend rejection.

The company's 600 manual workers – members of the AEEU engineering and electrical union – are expected to receive a similar offer from Caterpillar when their one-year agreement ends in November.

The company said yesterday that it had put the proposals to its clerical and technical staff on January 7 and given them two weeks to consider them.

"Since any decision made by employees will be entirely voluntary, it would be inappropriate for the company to comment on it publicly at this time," Caterpillar added.

Caterpillar said the proposal was part of a strategy to expand employee involvement.

Peter Brooke, the heritage secretary, on a soap box yesterday at Speakers' Corner in London's Hyde Park, launching a competition for ideas to refurbish the area Photograph: Ashley Ashwood

Transport executives win aid for rail sell-off costs

By James Buxton

Passenger transport executives, which provide subsidised rail services in Britain's main conurbations outside London, are to receive grants from the government to offset extra costs caused by rail privatisation.

The grants will cover increased charges for track use and for operating rolling stock likely to be imposed when the railways are restructured after April 1. The Department of Transport said yesterday that the grants would continue indefinitely.

The cost of the subsidy is not known. It depends on the charges levied on the train operators by Railtrack, the state-owned company which will manage British Rail's infrastructure from April 1, and these have not yet been set.

At present BR provides rail services for the PTEs which cover the Strathclyde conurbation around Glasgow and the Manchester, Newcastle upon Tyne, West Yorkshire and Birmingham areas. The local authorities controlling the PTEs determine fares and subsidise the services out of their revenues.

From April 1 services in Strathclyde will be provided by ScotRail operating as a shadow franchise. Within a year the franchise will be offered to private-sector operators.

Lord James Douglas-Hamilton, a Scottish Office minister, has told Strathclyde region, which controls the area's PTE, that the Scottish Office will cover fully the extra costs it may incur in 1994-95 "as a result of restructuring the railway and introducing new track and rolling-stock charging regimes".

The English PTEs will receive the subsidy direct from the Department of Transport in the first year, and thereafter from the Department of the Environment through its revenue support grants.

Welsh windfarm venture rejected

By Roland Adburgham, Wales and West Correspondent

Evidence of growing opposition to windfarms in Wales has come with the rejection of an application to erect 20 turbines on a hill overlooking the historic town of Kidwelly on the south-west coast.

Councillors at Llanelli, the planning authority, voted unanimously to refuse the application by Westwind Generators of Penarth, South Glamorgan. More than 400 people signed a petition against the farm, which was also opposed by Dyfed County Council.

The 500kW turbines would have been 40m high to the hub, with 40m diameter blades. Llanelli council said they would be "seriously detrimental" to the landscape and create a noise nuisance. Cadw, the organisation responsible for Welsh historic monuments, said the farm would be an "alien backdrop" to 11th-century Kidwelly Castle.

Dyfed County Council is also opposing an application by the company to erect 20 turbines at nearby Ferryside. Carmarthen District Council is due to rule on that application on Tuesday with a recommendation by its officers to refuse it.

Power workers accept merit pay

By Robert Taylor

Eastern Electricity's 6,000 employees have agreed a 2.5 per cent pay rise in return for their acceptance of performance assessments of their work in the company's first wage settlement since the abolition of industry-wide bargaining last year.

"After many years of having to implement nationally agreed pay arrangements, Eastern Electricity has now secured a pioneering deal," said Mr Stephen Connock, personnel director, yesterday.

Under the agreement the company is introducing performance pay for its 1,400 professional and supervisory staff who are in unions. This will end union participation in pay bargaining for them.

The rest of the workforce will continue for the time being to have their wages negotiated collectively, but their work will be assessed. They have also agreed to work more flexible hours.

The present pay agreement ends on July 1. Any deal then would be negotiated with unions, but eventually the company aims to negotiate full performance pay for its entire workforce.

Simpler credit licensing sought

By Robert Rice, Legal Correspondent

The government is proposing to simplify the consumer credit licensing system as part of its drive to cut the burden of red tape on business.

The Office of Fair Trading issued a consultation document yesterday which canvasses the idea of extending the system of group consumer credit licences to trade associations, professional bodies and non-commercial organisations to reduce the need for traders to apply for individual licences.

A consumer credit licence is required to carry on one or more activities of consumer credit, consumer hire, credit brokerage, debt adjusting, debt counselling, debt collecting and credit reference agency.

At present there are some 350,000 consumer credit licences in existence. Only 16 are group licences. Each must be renewed every five years, placing a considerable burden on traders and administrators. Last year the OFT issued almost 19,000 new licences and 4,718 renewals.

Extending the group licence to trade associations and other non-commercial organisations would allow members of such groups to be covered by one licence. Responsibility for regulating members and ensuring they were fit to offer consumer credit would pass to the association or group.

Mr John Mills, OFT director of consumer affairs, said it was looking at ways of encouraging more self-regulation while maintaining high levels of consumer protection.

He said the OFT's policy until now had been to confine group licences to a few professional bodies and advisory organisations. But there might be other organisations such as trade associations which would also be able to take on the obligations of a group licensee.

The Law Society is the largest current group licence holder, covering 58,586 solicitors in England and Wales. Other group licences are held by bodies which represent solicitors, accountants and chartered surveyors throughout the UK.

Such licences do not authorise any of those covered by them to canvass debtor, creditor, supplier or regulated consumer hire agreements off trade premises – anyone wishing to do so needs a standard licence specifically authorising that activity.

FINANCIAL TIMES

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Watchdogs are required

This has been another week that the Conservative government would rather forget.

It began with a wave of scandal breaking around the government's supporters in Parliament. This ebbed somewhat with the announcement of the death of Lady Caithness, wife of the junior transport minister whose marriage was said to be in difficulty. But confusion has continued over exactly what the prime minister meant with his back to basics campaign. Even if he did not mean it to apply to ministers' behaviour, Conservative party members seem to think that it should. Mr Major has looked indecisive in his unwillingness to enforce the new morality on his own ministers.

The week ended with accusations of gerrymandering in the London Borough of Westminster. This flagship of Conservative local government was fêted throughout the 1980s for its slick management and entrepreneurialism. According to the district auditor, it was also using public money for electoral advantage. Council flats were sold and homeless families ejected from marginal wards to keep the borough Conservative.

More bad weeks are likely to follow. Taxpayers will feel the impact of hefty tax increases announced in the last two Budgets at the start of the new financial year in April. Local authority elections in May will provide an early opportunity for the voters in London and other urban areas to register dissatisfaction. And Conservative expectations for the European elections in June are already being talked down.

On Monday, Mr Major must appear in front of the Scott inquiry, which is investigating the scandal over the sale of arms to Iraq. The public interrogation of the prime minister by such a tribunal is unprecedented in recent British history. It is also likely to prove an uncomfortable experience – as a succession of serving and former cabinet ministers have already found.

Best way

Lord Howe, the former foreign secretary, voiced the concern of senior officials this week when he accused Lord Justice Scott of acting as "detective, inquisitor, advocate and judge". Yet the inquiry's procedures are the best way to uncover the truth in a reasonable time to the satisfaction of the public. When the inquiry's report appears later in the year, it must be able to explain how three businessmen came to be prosecuted for selling arms to Iraq when they had done it with the encouragement of a government department.

There is, of course, nothing new in duplicity, deceit or corruption in government. It is arguable that the democratic process is based on a potentially corrupt bargain between voters and politicians. The latter bid for the former's support by promising higher incomes, lower taxes or more "free" services. The voters award the prize to the politicians who makes the best and most plausible offer. Those who fail to deliver, however, can expect to be found out and penalised in future elections.

Dividing line

And it will always be tempting for politicians to use the power of government to improve their chances of holding on to it. Herbert Morrison, the Labour leader of the old London county council, bragged that he would "build the Conservatives out of London" by building council homes for Labour-voting tenants. Many Conservatives believed that selling council homes to their tenants would convert them into Tory voters. But while the dividing line between legitimate housing policy and gerrymandering can be a fine one, it can be drawn. If a council builds homes or sells them off with the objective of changing the voting patterns of marginal wards, that line has been crossed.

The dangers that power will be abused increase when there are long periods of single-party rule. Parties which face no real challenge at the ballot box increasingly discount the legislative niceties. Policy changes over arms sales which could be embarrassing internationally are slipped through without bothering to tell Parliament. Ministers avoid telling lies – but they do not feel obliged to tell the whole truth either. They appoint their own supporters to key posts in quangos or to plum jobs in local government. Their officials forget their duty to serve the public good and become enmeshed in party politics.

The checks and balances need to be cultivated and strengthened in one-party states, whether at local or national level. Much more information needs to be provided about decisions, for example, so that secrecy does not conceal corruption. An appointments commission should oversee the thousands of appointments to the growing numbers of quangos. Protecting the independence of public servants from undue political pressures may require new measures, including an independent appeals procedure if they feel pressured to act improperly.

Above all, close scrutiny of the executive is required. The district auditor has proved his worth. The Audit Commission, the National Audit Office and the various ombudsmen can all help in preserving standards. The press, too, has a role to play.

Is the new chairman of the London Stock Exchange the right man for the job, ask **Robert Peston** and **Norma Cohen**

Country gent in exchange of fire

Mr John Kemp-Welch, the joint senior partner of Cazenove and Company whose appointment as chairman of the London Stock Exchange was confirmed this week, combines the patrician charm and driving ambition common to many partners in his stockbroking firm.

He can appear a self-effacing countryman, whose main interests are walking near his Perthshire home and shooting gamebirds.

But as joint senior partner since 1980 of London's most conservative and discreet stockbroker, he has shown business acumen. While rival brokers have expanded recklessly and experienced volatile swings in profits, Cazenove has developed more gradually.

Its partners are proud of the fact that, as far as they know, the firm has never made a loss in any quarter in its 170-year history. In the past two years it has earned more than ever before, they say – though figures have never been published to show the firm's performance.

The recent fortunes of the Stock Exchange have been less blessed. Most damaging was the cancellation last March of the Taurus project to modernise the antiquated system for settling and registering share transactions. This prompted the resignation of Mr Peter Rawlins as the exchange's chief executive.

New and powerful competitive challenges to the exchange have also emerged. Continental bourses, such as in Paris, are taking active steps to regain the cross-border trade in shares – involving investors from their own country – that they have lost to London. Attempts are also being made by Tradepoint and other financial services companies to establish systems for buying and selling UK shares in direct competition with the exchange's own system, called Seaq.

Meanwhile, the exchange has been slow to agree a plan to establish a market for shares in young companies. This market would replace the Unlisted Securities Market, which the exchange has decided to close in 1996 because it has lost its distinctive identity.

So the appointment of Mr Kemp-Welch comes at a delicate moment in the exchange's 220 year history. The choice of the 57-year-old Cazenove man represents a serious desire by the exchange and its members to modernise the institution, but it also marks a recognition that some of its traditions must be preserved: it was his ability to preserve parts of Cazenove's culture while adapting the firm to unprecedented changes in market practices that has given Mr Kemp-Welch the best track record as a business manager of any recent exchange chairman. Cazenove was, for example, the only leading firm to retain a partnership structure at the time of the "Big Bang" deregulation of the London financial market in 1986.

"I can't think of anyone better to do the job," commented Peter Meinertzhagen, chairman of Hoare Govett, one of Cazenove's rivals, whose father was Mr Kemp-Welch's predecessor at Cazenove. "But I was quite surprised he took it."

This surprise stems from a long-standing reluctance on the part of successful brokers to become intimately involved in the management of the exchange because it was regarded as dull and boring. The chairman of a rival securities firm said: "There used to be a widely held view that the market was pretty robust, that it would look after itself and we could just concentrate on making money. But we have all woken up to the fact that the success of each firm depends to a considerable extent on the efficiency of systems operated by the exchange."

For instance, the system for settling transactions and recording share ownership has been in need of replacement for a decade. So the collapse of the Taurus project fully to computerise the operations has been a painful lesson. It cost the exchange and its members hundreds of millions of pounds, and showed individual firms that complacency about the exchange could be dangerous.

Another reminder of the need to be involved in the exchange's affairs came in November, when the ageing Seaq system for displaying share price information to members broke down for four hours when a computer component failed.

The current chairman, Sir Andrew Hugh Smith, who stands down on July 14, has been criticised by some City firms for such failures. He is regarded as having been slow to react to warning signs that development of the settlement system was running into trouble, and should perhaps have started work earlier on a new trading system. The chairman of a leading securities firm said: "Poor old Andrew relied far too much on Peter Rawlins to look after the nitty-gritty."

Sir Andrew did, however, oversee the abolition of the cumbersome Stock Exchange council, comprising 32 representatives of member firms, and replaced it with a 16-member board, made up of the heads of top broking firms, a handful of exchange executives and influential representatives of banks and fund management groups which use the exchange's services.

Superfluous jobs have been eliminated, as have a raft of committees and sub-committees. "Some of the credit for that must also go to Peter Rawlins," said Mr Kemp-Welch.

The new chairman is hesitant to go into too much detail about how he sees the future of the exchange. "I am six months away from taking up the post so my view must be broad brush," he said.

Another reason for not making too many pronouncements is that as yet to discuss the division of responsibilities with the new chief executive, Mr Michael Lawrence, who has been poached from the Prudential Corporation, the big insurer, and joins in a few weeks.

"The chairman's main role must be to make sure the board is functioning properly, that it is getting the information to allow it to make the right decisions," Mr Kemp-Welch said, who believes the exchange has only three core functions:

- Organising and regulating trading in the UK's central securities market;
- Consolidating and improving the exchange's position in trading international securities;
- Acting as the listing authority for companies whose shares are traded on the exchange. This means that it is supposed to vet the auditing procedures and governance of those companies, though it has often been attacked for being reluctant to take tough action against offenders.

Trevor Humphries

John Kemp-Welch: combines patrician charm and driving ambition

On the other hand, Mr Kemp-Welch believes certain elements of the exchange's regulatory functions should be transferred to another authority, probably a strengthened Securities and Investments Board. These would include monitoring share transactions for signs of illegal insider dealing – the current system has been singularly unsuccessful in prosecuting suspected insider dealers.

He was also noncommittal on whether to fight for a prominent role in managing or owning the new share settlement system, called Crest, which has been developed at the Bank of England's initiative since the collapse of Taurus. "I am very cautious on commenting for political reasons," he said. "The exchange may have a role." This view is contrary to that of many investors and securities firms.

The highest priority, he said, is to head off the threat from Tradepoint and rival trading systems. As one former investment banker said, the exchange will "live or die on what its customers feel about it".

If that is the key to success, then Mr Kemp-Welch could be viewed as suitable for the job, because Cazenove has been successful in generating goodwill among its clients (the companies which it advises on takeovers and for which it sells securities, and the investment institutions buying these shares). Many outsiders tend to see it as cliquey and nepotistic, however.

After 13 years at the helm, Mr Kemp-Welch and his fellow senior partner Mr Anthony Forbes announced last April that they would staud down the following April. Under them, Cazenove has consolidated its position as the leading broker to UK companies. It has 222 quoted UK companies as clients, far more than any rival, a large proportion of which are part of the FT-SE 100 index of leading companies' shares.

Cazenove was able to rely on its closest customers along investment institutions when it needed to raise money to preserve its independence at the time of Big Bang. A handful lent the broker £32m of capital in the form of subordinated loan stock. The interest on the stock is linked to the profitability of Cazenove.

However, the levels of profits are not disclosed, merely whether the year has been good or bad. Since it is normally a good year – in 1992 the institutions received the maximum interest rate of between 20 and 25 per cent – they have not exerted pressure for greater financial transparency.

At the exchange, however, Mr Kemp-Welch will have to be far more open. The chairman typically has to be a figurehead for the securities industry and the City of London, making speeches and lobbying the government. Mr Andrew Tuckey, chairman of Barings' merchant bank, said: "That's the side he will find most unfamiliar."

Mr Kemp-Welch's character is marked by stubbornness: junior partners at Cazenove note that he can be rather dictatorial. At the age of six, he lost an eye. But Mr Kemp-Welch said the handicap gave him an incentive to prove himself at his public school, Winchester, and may have been what has fuelled his drive to succeed: "The only time I missed it [the eye] was when playing racquets. However I still played." Friends say he is a remarkable shot.

He comes from a wealthy family – whose fortune stems from ownership, during the 19th century of the Schweppes' patented process for putting fizz into soft drinks – and his father was the second most powerful partner at Cazenove after Antony Hornby in the immediate aftermath of the second world war.

Though all Cazenove partners have the right to introduce one son or daughter into the firm, Mr Kemp-Welch's father would not bring him on board until he had proved he could survive elsewhere. So in 1954, at the age of 18, he became a messenger at Hoare & Co, working for the most aggressive stockbroker of the time, Kit Hoare. He joined Cazenove in 1959.

More than 30 years later, Cazenove remains a uniquely English institution. Its senior partners are educated at just two schools, Eton and Winchester, and came from a handful of families. While securities markets have become more international, it has opened foreign offices only gradually. It has no offices at all in continental Europe.

Though this means that Cazenove has avoided the overheads carried by more expansionist firms, such as S G Warburg, it has also meant it is tarnished by a "Little England" image. Rivals say in the long term its prospects are limited by its concentration on domestic business.

In that sense, the choice of Mr Kemp-Welch as Stock Exchange chairman is a risk. The future prosperity of the exchange and its members depend to an significant extent on its ability to serve continental investors – and the Cazenove charm will be far less relevant when it comes to meeting this challenge than an ability to understand their needs.

MEN IN THE NEWS: ***Berlusconi, Agnelli and De Benedetti***

Gladiators in a war of words

Italy's media magnates are spoiling for an election fight along new political battle lines, says **Haig Simonian**

By walking uninvited into an editorial meeting last week, Silvio Berlusconi, the media magnate, broke one of the unwritten rules of Italian journalism: newspaper proprietors can call the shots, but should never be seen doing so.

Berlusconi's blunder prompted the resignation of the octogenarian Indro Montanelli, one of Italy's most respected journalists, who has edited Milan's Il Giornale since he founded it in 1974. Berlusconi sold control of the paper, in which he retains a minority stake, to his younger brother Paolo after a law limiting media ownership came into effect in 1992.

For Montanelli, Berlusconi's appearance was "a colossal gaffe", which made a mockery of the law. "By implicitly linking new investments in the loss-making paper to a change in its style, he was virtually inviting the editor to resign," said one Il Giornale journalist.

Berlusconi's behaviour has thrown into relief the flimsy laws governing ownership of Italy's press in the face of the powerful business interests which dominate the media.

> **'Ownership of papers by non-media groups is an Italian phenomenon'**

Owning a newspaper is not just a symbol of joining the ultra-rich in Italy. It is also the most important way in which industrialists try to influence public opinion and to exert pressure in the political arena. As a general election looms, swaying the debate has become a priority for Berlusconi, Gianni Agnelli and Carlo De Benedetti – the country's wealthiest men – who control three of the four top-selling newspapers. Together, they also exercise enormous clout over coverage in Il Sole 24 Ore, the leading business daily, which is owned by the Confindustria employers' federation they dominate.

Agnelli, the patriarch of Italian business, owns more papers than the other two men combined. Through Fiat, the country's biggest private company, in which his family is the largest shareholder, he dominates La Stampa, the respected Turin paper. Separately, Fiat is the dominant shareholder in the Gemina holding company, which controls Corriere della Sera, the prestigious Milan paper. Corriere is locked in a gruelling circulation war, amid falling advertising revenues, with Rome's La Repubblica for the title of Italy's best-selling daily. La Repubblica, along with L'Espresso, the number two newsmagazine, is controlled by De Benedetti through L'Editoriale L'Espesso.

Berlusconi's newspaper interests have been limited by the media ownership laws which ended a free-for-all, restricting cross-holdings of newspaper and television companies. However, he retains control of three of Italy's most popular television channels, and Panorama, the number one news magazine. Last week's appearance at Il Giornale showed he remains the paper's dominant commercial influence, in spite of the formal transfer of power to his brother.

While the media interests of Agnelli, De Benedetti and Berlusconi symbolise material success, they also act as protective shields against potential rivals, who can be deflated or ignored in newspapers or on television.

Antonio Pilati, who runs a media research institute funded by the Turin-based charitable Rosselli foundation, says business considerations are paramount. "Ownership of papers by non-media groups is very much an Italian phenomenon," he says. "Its roots lie in the structure of our economy, in which the state plays a much bigger role than in Anglo-Saxon countries. Because so many important decisions affecting entrepreneurs rest in the hands of politicians, being able to influence public opinion has become an important business tool."

Italian newspaper proprietors calling the shots: (L to R) Silvio Berlusconi, Carlo De Benedetti and Gianni Agnelli

It is only since the late 1980s, however, that the media has been used by its proprietors so blatantly. For instance, growing financial pressures on Fiat, which has seen its share of the domestic car market fall sharply, coincided with a much less critical line on the company at La Stampa.

The biggest change, however, has come in the De Benedetti and Berluscohi camps, where media interests have become more partisan as the business rivalry between the two has grown. The battle started in 1990 over control of Mondadori, Italy's biggest publishing group, which they finally split between them. Since then, weekly news magazines have been the main vehicles for the men's vitriol.

Berlusconi's Panorama carries extensive coverage of De Benedetti's legal difficulties in the long-running Banco Ambrosiano affair, in which he is appealing against a six-year prison sentence. Recently, it revelled in De Benedetti's discomfiture at the hands of Rome magistrates probing political corruption.

The corruption scandal has also given De Benedetti's L'Espresso a springboard from which to attack Berlusconi. The magazine regularly attempts to link Berlusconi to the now discredited Socialist party in Milan. Of late, it has focused on the complex ownership structure and finances of Berlusconi's Fininvest holding company amid reports that its debts are higher than stated.

But defending business interests is rapidly taking a backseat to political attack and counter-attack for Italy's media magnates. As traditional party allegiances collapse amid the unfolding scandals, Agnelli, De Benedetti and Berlusconi are anxious to ensure their political ideas and influence have as wide an impact as possible.

Berlusconi's recent decision to enter politics has been the catalyst for a reassessment of the role of media ownership by leading commentators and has raised doubts about the pluralism of the press.

Berlusconi is trying to regroup the tattered centre of Italian politics, devasted by the effect of the corruption investigations on the once dominant Christian Democrat party. He also aims to halt the rise of the Democratic Party of the Left, the former communists, who are expected to do well at the forthcoming election.

> **'When he gets a few of his men into parliament, they will be jeered all the time'**

While nobody in public life has questioned Berlusconi's right to express opinions, his manipulation of media interests for self-promotion has caused a furore. The first blast came when two of the three Fininvest channels interrupted regular broadcasting recently to carry a 90-minute press conference Berlusconi held with foreign journalists.

Berlusconi's political ambitions have since developed from an apparent whim into a clear-cut strategy. "I think he has fallen prey to a rapture which will cause him a lot of trouble," said Montanelli after he quit. "When he gets a few of his men into parliament, which he will, they will be jeered every time they get up to speak. They won't be able to escape the idea that they are doing their boss's bidding."

On Thursday, Mario Segni, the popular leader of Italy's referendum movement, joined the fray. He said Berlusconi had no place in politics because he controlled three national television channels. "I hope Berlusconi does not involve himself directly in politics. The entry into politics by someone who controls such powerful means poses grave problems. He wants to unite the liberals and democrats, but risks fracturing them instead."

Fedele Confalonieri, a senior Fininvest executive and one of Berlusconi's closest advisers, rejects charges that his boss is using his media interests to bolster a political career. Potential conflicts of interest will be eliminated, because Berlusconi will relinquish his media boardroom positions when he is elected, argues Confalonieri.

"Berlusconi is a publisher who gives his editors the maximum liberty," he adds. For Confalonieri, the embarrassing public sniping which has emerged among Fininvest journalists this week indicates the scope for free thinking among the group's employees.

Critics of the concentration of media ownership are unimpressed by such arguments. Berlusconi's intervention at Il Giornale showed his influence had not been curtailed by legal changes. As for freedom of expression, many journalists suspect Berlusconi prefers to exert power through proxies. This week, Emilio Fede, a senior journlist who is close to Berlusconi, threatened disciplinary action against Fininvest journalists who participated in a televised debate on a rival channel criticising the group.

Berlusconi's political emergence has highlighted long-standing limits on pluralism in the press. Riccardo Franco Levi, former editor of L'Indipendente, a paper that tried unsuccessfully to break the grip of a few big media owners, is sceptical about the chances of a swift change.

"As long as Italian capitalism remains dominated by a handful of large companies, standing above thousands of minnows, then ownership of the press is likely to remain the same," he says. "After all, for good or for bad, our newspapers are just a mirror of our society."

Gambling is a fast-growing industry in the US, says **Richard Tomkins**

Rush to place their bets

Has the US gone gambling crazy? You bet. Never have punters had so many opportunities to be parted from their money. With casinos and other forms of gaming proliferating throughout the US, the nation appears to be in the grip of a gambling frenzy.

Last month the world's biggest casino opened in Las Vegas. Part of the $1bn MGM Grand resort, it features 165 gaming tables and 3,500 slot machines in a gaming area bigger than the playing field at Yankee Stadium.

The MGM Grand is just the latest of three mega-casinos to open in Las Vegas. Its arrival came a few weeks after the opening of the $450m Treasure Island, a themed hotel and casino featuring hourly mock battles between pirates and the British navy on two 90ft frigates. A few days before that came the opening of the $390m Luxor hotel and casino, a vast pyramid-shaped structure on an Egyptian theme in which guests are carried from reception to the elevators on an indoor river Nile.

But more significantly, gambling has started to spread across the country. A quirk in the law has allowed Indian tribes to set up casinos on their reservations: at the last count 65 had been established in 17 states. More than 20 riverboat casinos have started operating in Mississippi and Illinois, and neighbouring states have authorised many more. State lotteries have legitimised the gambling habit in 37 states. Only Utah and Hawaii are gambling-free.

As the opportunities for gambling have increased, so have the stakes. The total amount gambled on slot machines, gaming tables, lotteries and racing grew by 8.4 per cent to a staggering $330bn in 1992. True, the punters won a lot of that back: but the $30bn they lost was more than the nation's total spending on cinema tickets, books, records and spectator sports combined.

Ten years ago, the US gambling industry was barely a third its present size. The only states allowing casinos were Nevada and New Jersey, where punters placed bets totalling $100bn a year. Elsewhere, about $15bn a year was wagered on horse and greyhound racing, and another $4bn was spent on a handful of state lotteries.

One factor spurring the industry's sudden growth has been the spread of the lottery. State governments needing to raise revenues have found it hard to resist the idea of using lotteries to avoid the alternative of higher taxes. In doing so they have not only widened public acceptability of gambling, but compromised their ability to argue against it in other forms.

Simultaneously, the gambling industry has been at pains to clean up its act. Once predominantly a male activity associated with smoke-filled rooms, green eye shades and organised crime, it has broadened its appeal by combining the gambling experience with dining, cabaret, shopping or tourism.

Lotteries apart, gambling's most remarkable advance in geographical terms has been the appearance of large numbers of casinos on the Indian reservations – a phenomenon arising from the Indian Gaming Regulatory Act of 1988, which allowed Indians to offer games of chance if the same games were legal elsewhere in the state.

Soon after the act took effect, it had unforeseen consequences when the state of Connecticut interpreted it as including games of chance used in charity fund-raising, which embraced just about everything. The state's poverty-stricken Mashantucket Pequot tribe took the law at its word and found financial backing for the construction of the Foxwoods casino on its reservation in Ledyard, south-east Connecticut.

With the nearest competition several hours' drive away in Atlantic City, Foxwoods flourished – as did its many imitators. Now, gambling in Indian reservation casinos is big business: the value of bets taken at the tables and slot machines shot up from $5bn to $15bn in 1992, and continues to grow fast.

Many big cities are considering the possibility of legitimising casino gambling in one form or another

Meanwhile, the geographical spread of gambling has taken another direction. In 1988 Iowa decided gambling could encourage tourism, and passed a law allowing riverboat casinos to operate. The attraction of this device was that riverboats could be justified as a re-creation of America's 19th-century paddleboats, while keeping them in the water separated them from the rest of the community, and made them easier to control.

The casinos proved a success. Soon neighbouring states started authorising riverboat casinos too. The amount of money handled rose from $1.1bn in 1991 to $7.3bn in 1992, and licence applications pending or granted are expected to take the number of riverboat casinos to more than 60 by 1995.

As casinos have spread from the traditional gambling centres of Las Vegas and Atlantic City to Indian reservations and riverboats, the rest of the US has started asking why it should not join in the spree. Many big cities are considering the possibility of legitimising casino gambling in one form or another: Philadelphia has already authorised its first riverboat casino; the mayor of Washington DC has suggested that the revenues from casino gambling could provide a remedy for the city's financial problems; and the mayor of Chicago has proposed a $2bn gambling and entertainment complex for the city centre.

Technology is also playing its part in encouraging the gambling habit. Many punters feel more comfortable playing a machine than playing a human being: for one thing, they feel a machine is less likely to cheat. Advances in technology have offered a proliferation of increasingly sophisticated electronic gaming devices, such as video poker machines.

Looking to the future, technology could further extend the market by offering gambling opportunities through the electronic super-highways now beginning to evolve – in other words, allowing people to gamble in their homes by taking part in interactive casino games using cable channels and their television screens.

But can gambling really go on growing at its present rate? It depends. Some gambling markets already seem to be at, or near, maturity. For example, the amount of money staked on bingo, racing and the older-established lotteries has hardly changed in the past few years. But if the legitimisation of casino gambling continues, the growth in that sector may have only just begun.

Mr Eugene Martin Christiansen of Christiansen/Cummings Associates, a New York consultancy specialising in leisure industries, points out that the growth in casino gambling is unusual because it is driven by pent-up consumer demand.

Clearly, the growth is not limitless. At some point, supply and demand will come into balance. This is already happening at Las Vegas – hence the development of new hotel/theme park/casino complexes like the MGM Grand, Treasure Island and the Luxor, which are aimed at drawing in customers by providing them and their families with ever more entertaining sideshows to the casino itself. Many of those customers will come from other Las Vegas casinos, not from newly created markets.

Even so, statistical evidence suggests people will on average spend about 1 per cent of personal income on gambling, given the opportunity. In 1992, the amount spent on gambling across the US represented just 0.65 per cent of personal income. Seen in those terms, the industry's growth has a long way to go.

The one thing that could stop it, of course, is an outbreak of moral indignation over gambling's spread, leading to the reimposition of legal constraints. As yet, in spite of objections in some states to the spread of video poker machines because some people are playing them compulsively, there is little evidence to suggest such a backlash is likely.

Perhaps gambling has entered the mainstream entertainment industry for good. But as Mr Christiansen notes, the history of US society is permeated with violent swings between liberalism and conservatism in attitudes to supposed vices: the US is, after all, the land that once prohibited alcohol. The gambling industry's comfort lies in the ultimate failure of that notorious attempt by the US to come between its citizens and their pleasure.

Syria's state media could hardly have raised expectations much higher for tomorrow's summit in Switzerland between President Bill Clinton and President Hafez al-Assad. It is, trumpeted The Syria Times, "one of the most important meetings of Geneva's history, and perhaps the history of the Middle East".

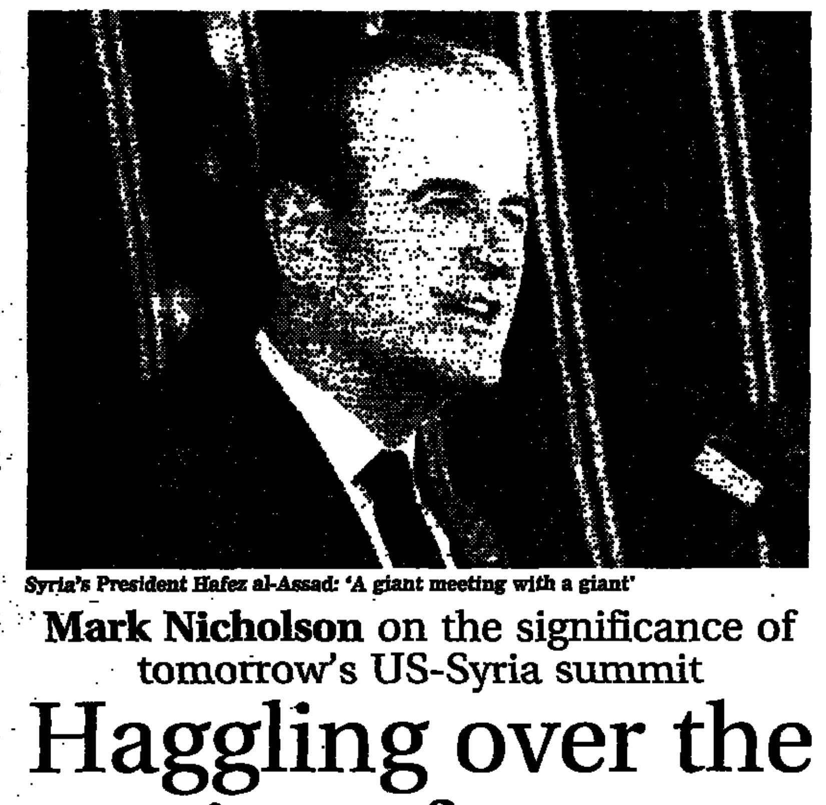
In the melée of Damascus's ancient Hamadiya *souq*, or market, the view is more circumspect, however. Traders in its grid of alleys have found buyers for its silver and silk over centuries among Assyrians, Persians, Greeks, Romans and Turks. They are not persuaded that tomorrow heralds the immediate prospect of bus loads of Israeli shoppers. "The meeting will help the atmosphere," says Samad, a young shop owner. "Peace is important to us, of course, but difficult. We need time."

The true significance of tomorrow's meeting, for Syria, lies somewhere between the media hype and the caution of the *souq*. For Mr Assad, a cautious and wily strategist whose main preoccupation has long been maintaining his iron grip on Syria, it lies in the symbolism of the event itself – and that is the main reason for the media fanfare. A summit with the leader of the world's sole superpower confirms for Mr Assad his centrality to the Middle East peace process and his regional leadership. As one state newspaper said: "A giant will meet with a giant."

It is only Mr Assad's fourth meeting with a US president in 23 years of rule, the last being with Mr George Bush in Geneva in 1990. Then, Syria sealed its participation in the anti-Iraq Gulf war coalition and the two leaders exchanged the initial promises which made the present Middle East peace process possible. Mr Assad will want to hear Mr Clinton repeat those promises which brought him to the negotiating table in 1991: that the US is committed to a "just and comprehensive" regional peace, which for Syria entails a full Israeli withdrawal from the Golan Heights, occupied since 1967; and that the US will guarantee any bilateral agreement with the Jewish state.

Just as important for Mr Assad – and many in Damascus maintain it is more vital – is his hope that the summit can deliver a substantial improvement in Syrian-US relations. "He wants more than the Golan back; he wants a new relationship with the US," says one observer, "and he wants this as badly as anything." Here lie Syria's real expectations of the summit.

According to many diplomats, the real "breakthrough" on the peace front arguably took place in Damascus last December when Mr Warren Christopher, US secretary of state, was able to



Syria's President Hafez al-Assad: 'A giant meeting with a giant'

Mark Nicholson on the significance of tomorrow's US-Syria summit

Haggling over the price of peace

announce Syria's willingness to resume full peace talks with Israel in Washington. Mr Assad had previously insisted there could be no such resumption without an explicit Israeli commitment to a full withdrawal from the Golan. But Mr Christopher's shuttle between Jerusalem and Damascus, and private undertakings to Mr Assad, are believed to have persuaded the Syrian leader that such a deal was feasible in principle. "Mr Assad's decision to return to the talks shows he has made the strategic decision to make peace," says a European diplomat in Damascus.

Details of such a deal – a "full" Israeli withdrawal in return for a "full" peace between Syria and the Jewish state – remain to be worked out. This would be the meat of talks in Washington, which could resume within weeks of a successful summit. At such talks, Mr Assad would place a high premium on direct US engagement, since Syria believes that only US pressure and involvement can exact the right terms for peace from Israel and hold the Israelis to them. Mr Assad has always profoundly distrusted Israel's desire to divide its Arab neighbours and negotiate deals with them one by one. It is a distrust Syrian officials say was vindicated by the secret deal in Oslo between Israel and the Palestinians, which they consider deeply flawed.

But Mr Assad also wants a "full" peace with Washington, which since 1976 has maintained Syria on its list of state sponsors of terrorism.

In addition to Syrian membership of the anti-Iraq Gulf war alliance, Damascus's help in freeing western hostages from Lebanon was part of a shift towards the west. Increasingly, according to western diplomats, the Syrian president has come to appreciate the security of his regime and his country's prosperity depend on rapprochement with the west, notably the US.

The reasons are manifold. They include the loss of the Soviet Union as his chief strategic ally and the failure of the communist model, whose political, military and economic centralisation Syria has long imitated.

But economic pressures have also grown. Although Syria has enjoyed a burst of post-Gulf war prosperity, this is founded on a one-off bonanza from limited oil discoveries, cash rewards from the Gulf states for Syria's participation in the campaign against Iraq and some good recent harvests.

Its economic problems are set to worsen. Syrian unemployment stands at 20 per cent and is rising: there are serious infrastructural inadequacies, particularly in power generation; and it has an unmanageable 3.8 per cent birth rate, one of the highest in the developing world. On Syria's present, isolated course, as one western diplomat puts it, "Assad knows he will be faced with a half-educated population, no jobs, no prospects for the middle class and, perhaps, people starting to say 'Islam is the solution'."

The Syrian leader has clearly concluded that none of these problems can be properly tackled unless his country can win access to western capital and aid, and he sees warmer ties with the US as critical to this process. But Syrian links with terrorist leaders such as Ahmed Jibril and Abu Nidal, and its backing for Hezbollah, the pro-Iranian Lebanese faction – the reason it was included on the US's list of terrorist states in 1976 – remain big obstacles to an improvement in relations.

While it stays on that list, Syria is ineligible for US credits or aid and is prohibited from importing US products, including computers, aircraft, aircraft spares and related technology. Perhaps as important as any restriction, however, is the symbolism of pariah status entailed by inclusion on the list.

US officials have made it plain Syria will not be lifted from the list tommorrow, or at all, while it supports Hezbollah and harbours men such as Jibril and other Palestinian "rejectionists". Yet nobody in Damascus expects Mr Assad to relinquish the "portfolio of options", as one diplomat puts it, which such groups offer Syria as part of its bargaining position with Israel – not, that is, until a peace deal is sealed.

A "full" peace between the US and Syria is, thus, likely to prove impossible until Mr Assad has sealed the same with Israel. For Mr Assad, says one European diplomat, "the main obstacle on the road to normalisation of relations with Washington is Israel".

This is not to suggest that Mr Assad will agree to peace with Israel at any price. His price, return of the Golan and an "honourable" settlement with Israel's other neighbours, has remained immutable. But his appearance with Mr Clinton in Geneva tomorrow suggests Mr Assad believes a deal is obtainable.

If and when this proves so, the *souq* will be ready. "It is the same for us," says Samad the merchant. "There is no liking here for the Jews, but we can sell to anyone."

Yen for a better life

Michiyo Nakamoto meets former Japanese salarymen

Loyal to his superiors, eager to work long hours and willing to sacrifice family and friends to the company's cause, the Japanese salaryman has been the driving force behind the country's postwar rise to become an economic superpower.

But as the Japanese economy goes through a severe recession, and the government prepares another stimulus package – due to be unveiled next week – the salaryman's unquestioning dedication to his employer is waning.

In May, Mr Kunitake Fujita, 51, left IBM Japan, where he had worked loyally for 28 years, to take up a career as a social welfare worker, helping disabled people earn a living.

Each day, the former IBM personnel manager commutes 80 minutes from his home in central Tokyo to the plain, two-storey Aoba Work Centre, a private organisation that aims to provide disabled people with skills training and an income. The centre is next to a fermented bean factory – a world away from his days in the high-technology, glass-and-concrete headquarters of IBM Japan.

But his new job fulfils him in a way that life at IBM never did. "I believe my work at IBM contributed to social good but only in an indirect way. Here, I feel every day that I am contributing to society and that gives me a purpose in life."

Until Mr Fujita decided to leave IBM, he had not thought about what he wanted to do with the rest of his life. What changed all that was a four-week holiday, which was a reward from IBM for his long service.

Mr Fujita had never had so much free time, and found the experience disturbing. "I found that I did not know what to do and that I was completely cut off from society. It is frightening to see yourself doing nothing, frittering the time away."

This gave him his first glimpse of what life would be like after retirement for someone who had depended so much on company life for his own personal fulfilment. Nine months later, he was one of

1,600 employees who signed up for the IBM's early retirement programme, which he had helped to draw up as the company tried to cut costs.

Similar motives led Mr Shingo Shibayama to leave his job in the legal department of Mitsui and Co, a trading company, to become a teacher at the age of 57. Like Mr Fujita, Mr Shibayama was a dedicated company man with more than 30 years' service. He had thrived in his job as a legal specialist, travelling to different parts of the world. "The trading house is like a theatre as big as the grand Kabuki theatre and I was very happy to go on stage there."

But he says Mitsui employees who are not offered an executive position by the age of 57 must choose between moving to a subsidiary, or becoming an adviser known as a *madogiwazoku* (or someone who sits by the window with little work to do).

Neither fate appealed to Mr Shibayama. If he went to a subsidiary, he would have had to retire at 63. "I am a workaholic," Mr Shibayama says. "My generation has lived for work alone. I cannot imagine myself not working. I have hobbies, but I can't stand being at home. After so many years of company life, home has become a place where I just eat and sleep."

So when the offer of the post of professor came from Nisho Gakusha, a private university in Chiba prefecture, just outside Tokyo, Mr Shibayama decided to take it. He would then have the chance of working until about 70.

A determination to carry on working for as long as possible also led Mr Tetsushi Saitoh, 55, to give up his job as an executive at Marubeni, a trading house.

Now Mr Saitoh gets up at 2.30 every morning to work the early shift at a convenience store he runs with his son in Shzuoka, two hours on the train from Tokyo. He worries about how well the products on the shelves are selling, about whether he is able to satisfy customers' needs.

Like Mr Fujita and Mr Shibayama, he was able to take advantage of a retirement programme of a kind run by many blue-chip Japanese companies to encourage employees to start new careers. Generous terms often mean they can maintain income levels relatively easily.

Although it is a far cry from the high-flying lifestyle of employees at Japan's large trading houses, Mr Saitoh takes pride in his store and in the decision he made. "I decided to do this myself. That is completely different from having to do something because the boss tells you to."

The best thing about running a convenience store, he says, is that there is no retirement. Like others who have made the transition from big companies, his salaryman's instinctive loyalty and stamina are undiminished.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Competition not working in cross-Channel fares

From Mr K D Shilleto.

Sir, Charles Batchelor's report ("Tunnel prompts Stena to simplify ferry fares", January 5) on the "simplification" of Stena Line cross-Channel fares appears to indicate another huge rise in some tariffs, particularly for a car with driver only or even with single passenger. For these travellers the increase, particularly during the summer months, will represent a much greater rise than the "couple of per cent" vaguely indicated by the operators.

This is typical of the arrogant and rapacious attitude of the ferry companies towards travellers since announcement of the construction of the Channel tunnel.

One is persuaded that they have deliberately raised their almost identical fares way beyond inflation almost every year, confident that the eventual Chunnel tariffs could not compete with them if necessary cash flow to service mounting debt was to be raised.

They have now set a comfortable "floor" for the tunnel while castly increasing their own profit potential. There is a smell of collusion about this cost-push manoeuvre which involves not only the ferry operators but the tunnel management as well.

Dr Stefan Szymanski of Imperial College has written a paper, already referred to in your newspaper, that clearly indicates progressive and unwarrantable raising of ferry tariffs since the announcement of the tunnel's construction. It is to be hoped that the Office of Fair Trading and the EU competition office are closely monitoring this pocket-picking of the public.

Cross-Channel ferry tariffs have been set far above any comparative journey in Europe for as long as I can remember. Why should the advent of an additional alternative send up passenger costs even further? That is not competition or the working of a "market".

K D Shilleto,
2 Mulberry close,
Beaufort Street,
London SW3

Investment body must be given support

From Mr Geoffrey Lister.

Sir, Your leader, "An end to foot-dragging" (January 12), calling on those who see a positive future for self-regulation in the retail financial services industry to state their views, will find support among building societies. The Building Societies Association has been consistent in its support for the Personal Investment Authority concept and the principles described in the letter ("SIB warning for investment body", January 13) from Securities and Investments Board chairman Andrew Large. The promised change in standards and the predominance of public interest representatives on the board have been regarded as particularly important.

To abandon the PIA now, after 18 months of planning, would lead to years of uncertainty as parliament debated and enacted legislation and civil servants faced the task of implementation. Consumers, and the financial services industry, deserve better than this.

The PIA is chaired by a former chairman of the Association of British Insurers and chief executive of one of the country's largest insurance companies. It will incorporate nine representatives of the industry (far more than would be members of any statutory board) and draw on a range of expertise from other sectors of the economy. Building societies believe the PIA offers an excellent chance of providing the necessary reassurance to customers that the industry truly has their best interests at heart, while also ensuring that the industry view is heard.

A range of significant issues in relation to the PIA remain to be resolved. It is important that all in the industry work together to overcome these difficulties.

Geoffrey Lister,
chairman,
The Building Societies Association,
3 Savile Row, London W1X 1AF

Mother does not want to be a burden on her daughter

From Mrs Shirley Firth.

Sir, Mr L J S Evans's letter (January 12) posed the question "What does mother think?" regarding views expressed by my daughter. Well, mother does not want to live with daughter either, especially when I become old, infirm, incontinent, and so on.

I quite understand my daughter's sentiment and her very practical wish to provide for elderly members of her family. I, too, would welcome a policy to which I could contribute, along with my children if they so wished, while I am still financially able to do so. What parent wants to burden offspring with the added responsibility of becoming carers, especially when they have families, careers and lives to lead.

As our health service appears to be falling into rapid decline, and decent residential homes for the elderly become increasingly expensive and therefore elitist, let's hope some other institutions – friendly societies or others – start to look at the problem.

Shirley Firth,
The Swallows,
Woodhurst, Huntingdon

'Son of BES' will only work if it is affordable

From Mr R M Graves.

Sir, The chancellor's proposals for a successor to the Business Expansion Scheme (dubbed "son of BES"), the Enterprise Investment Scheme and the extension of capital gains tax relief for entrepreneurs re-investing in unquoted trading companies is to be welcomed, provided the next reading of the Finance Bill does not throw unwelcome and unnecessary hurdles in the way.

One of the problems for entrepreneurs seeking investors, and for their accountants and other investment advisers, is the prohibitive cost of producing investment memoranda to comply with complex legislation on prospectuses or investment advertisements. While I understand that the principal aim of the Companies Acts and Financial Services Act legislation is to protect investors, financial advisers may be hesitant or even totally reluctant to send business propositions to potential investors, "business angels", for fear of falling foul of the law.

Let us hope that the deregulation measures announced by the chancellor to cut red tape will widen the category of investors exempt from the Financial Services Act and prescribe the minimum contents for a simple investment proposal which entrepreneurs and advisers could prepare without being caught out by current legislation.

It would be a lost opportunity if a number of "business angels" emerged ready to invest their profits from Stock Exchange securities and were prevented from receiving investment propositions from unquoted companies or their advisers because of over-zealous legislation.

I regard it as important that smaller companies should be able to raise equity capital without incurring undue expense in complying with rules established to protect the public at large.

R M Graves,
senior corporate finance partner,
BDO Binder Hamlyn,
20 Old Bailey,
London C4M 7BH

Eurocamp down 33% as bookings fall

By Maggie Urry

Eurocamp, the tour operator specialising in self-drive camping holidays, suffered a one third fall to £6.25m in pre-tax profits for the year to October, as bookings fell and market share was lost.

The result was in line with a warning at the interim stage that profits would fall 30 to 35 per cent from last year's £9.4m.

However, a more optimistic statement on the current year's outlook, with bookings up in all markets, and the maintenance of the final 6.3p dividend, to give an unchanged total of 9.75p, pushed the shares up 22p to 285p.

Eurocamp estimated that the market for inclusive summer holidays from the UK to France - the biggest part of its operation - fell 10 per cent in 1993, with its business hit harder than some competitors.

Mr Tom Neville, chairman, said the group had reappraised product and marketing strategies in the light of changes in the trading environment and competitive pressures. Mr Richard Atkinson, managing director, said margins should recover in 1994 but not to 1992 levels.

The group has adjusted 1994 brochure prices to tackle last year's poor bookings in the June and early July period. Lower prices in these weeks have been partly offset by higher prices in late July and August, although average prices are lower than in the 1993 brochures.

Mr Atkinson said the group was expecting some recovery in occupancy rates - from last summer's 96 nights out of a possible 115 to about 100 nights - and it aimed to reduce marketing and administration costs while holding costs incurred overseas.

Sales in the year fell 7.5 per cent to £56.7m, and operating profits dropped 32 per cent to £5.54m (£8.63m). Interest payable was £584,000 (£606,000), while investment income amounted to £296,000 against £381,000. Earnings per share dropped from 24.2p to 16.2p.

Capital expenditure was cut, with the amount on fixed assets down from £11.2m to £6.28m, sufficient to maintain assets but with no expansion. At the year-end the group had net cash of £2.1m, compared with net debt of £134,000.

● **COMMENT**

After the disappointments of last year, of which only a part can be blamed on the market, Eurocamp has to regain credibility in the City. Incorrect pricing appeared to be the management's greatest mistake in the 1993 brochure, which has been addressed this year. It is early days to say whether sufficient adjustment has been made although early bookings are encouraging. More will be known by the annual meeting in March. Making a firm forecast is thus a bit dangerous yet, though a range of £7.5m to £8.5m seems plausible. That suggests a p/e in the 13 to 14.5 range. A maintained dividend would give an above average yield. After the shares' run yesterday more evidence of the new strategy's success is needed to push them much higher.

War of words continues over LWT

By Raymond Snoddy

The battle of statement and counter statement between London Weekend Television and Granada continued yesterday as the London ITV company attacked Granada for its "vague and woolly" documents.

In a letter to shareholders Sir Christopher Bland, LWT's chairman, asked a series of questions ranging from inquiries about the rate of decline of Granada's rental business to whether advertising sales house contracts would have to be unscrambled if the hostile Granada bid succeeded.

Granada instantly replied with answers to LWT's "facile" questions. They included the information that last year operating profits from the rental business rose by 7 per cent to £105m and a promise to reorganise the two sales houses involved, The Time Exchange and Laser, "when its bid succeeds".

Mr Gerry Robinson, chief executive of Granada, denounced the "smokescreen" put up by its rival and said the deal was still the best bet for the future of LWT.

Meanwhile, a decision by the Takeover Panel means that the war of words can go on until the Office of Fair Trading decides whether or not to refer the bid to the Monopolies and Mergers Commission.

See Lex

Thorn EMI to report quarterly

By Norma Cohen, Investments Correspondent

Thorn EMI, the London-based leisure and electronics group, is to publish its trading results on a quarterly basis in line with new guidelines from the Stock Exchange.

The Exchange has published a consultative document on insider dealing which urges companies to make quarterly statements in order to keep all investors more regularly informed of its trading position.

More frequent reporting would mean that less information is held closely within a company or by its advisers, thus reducing the opportunity to trade on inside information.

But the Exchange's consultative committee, which included representatives of the 100 Committee of Finance Directors and several shareholders' groups, stopped short of calling for full quarterly trading statements such as those issued regularly in the US. Large UK companies whose shares are traded in the US already provide quarterly statements, and several leading UK shareholders have called for more regular public statements from companies in order to limit the risk of insider dealing.

Mr Simon Duffy, group finance director at Thorn, said the company would have begun producing quarterly reports regardless of the Exchange's recommendations. About 18 months ago, the company instituted a new financial reporting system for internal management accounting.

"We found we could produce quarterly reports with zero incremental costs." Thorn said the system it has developed is commercially available to others and the company is in discussions with "a number of other people" about selling its system to them.

Mr Duffy added that Thorn has no view about whether companies should be required to publish quarterly trading statements. "There are some businesses where it is not appropriate, others where it is not so useful," he said.

See Lex

Objections to Robb's job at Wellcome

By Daniel Green

Institutional investors in Wellcome have voiced their objections to the appointment yesterday of Mr John Robb as both chairman and chief executive of the drugs company.

Mr Robb conceded that "of the 10 or so institutional investors consulted over the decision ... one voiced serious objections."

But another institutional shareholder pointed to part of the company's annual report last year which affirmed its commitment to the principle of splitting the roles of chairman and chief executive between two people.

"It seems unfortunate that [the Wellcome board] combed the length and breadth of Britain and have not been able to find a suitable candidate", he said.

The company's choice for chairman, Sir Anthony Tennant, chairman of Christies International, the auctioneer, and former chairman of Guinness, the drinks group, was yesterday appointed deputy chairman.

"He allowed it to be known that he would not accept the post of chairman", said Mr Clive Thompson, a non-executive director of Wellcome and chief executive of Rentokil, the services group.

Mr Robb, who has been acting chairman of Wellcome since the summer, defended his appointment against criticisms that it was contrary to the recommendations of the 1992 Cadbury report on corporate governance, which also recommended that the roles be split.

"There is too much emphasis on splitting the roles rather than getting the right people at the top."

Mr Thompson backed Mr Robb saying that "the chemistry of the board members is more important than the structure of the board".

Wray raises Carlisle interest

By Nigel Clark

Mr Nigel Wray, executive chairman of Burford Holdings, the property group, is set to become non-executive chairman of Carlisle Group after he increases his interest in the property services company.

The move accompanied a warning that 1993 pre-tax losses were expected to rise from £347,000 to £2.85m.

Under a planned cash raising Mr Wray, and companies and trusts in which he has an interest, will acquire between 39.82 per cent and 54.78 per cent of Carlisle. The requirement to make a full offer has been waived by the Takeover Panel.

Mr Wray, who at present has a 10.2 per cent holding, is sub-scribing for 27.3m shares at 11p to raise a net £2.71m. He will replace as chairman Mr Jonathan Harris, who will become deputy chairman and chief executive.

The company is also seeking to raise up to £3.04m through a rights issue of 27.7m shares at 11p on a 1-for-1 basis. The offer is not underwritten but undertakings have been received to take up £2.96 per cent.

The shares rose 3p to close at 36½p.

The new shares will have a nominal value of 10p. It is proposed to split the existing 25p shares into one 10p and one 15p deferred.

The total proceeds will be used to buy the head leasehold interest in Carlisle's London headquarters for £2.35m from Mr Jonathan Harris and his brother Richard. The balance will go for working capital.

The company said that the money was needed to ensure it reached the critical mass required to progress as a listed company.

Losses are expected to rise because of an exceptional charge of £1.75m relating to the closure of its Hirshfields offshoot during the year allowing the company to concentrate on its Pepper Angliss & Yarwood operation.

As part of the planned changes Mr Jonathan Harris and Mr Clifford Toye, director responsible for property services, will take pay cuts in exchange for an issue of warrants.

It is also proposed to offset the deficit on the profit and loss account by cancelling the deferred shares, cancelling the capital redemption reserve and reduction of the share premium account.

Hewitt shares drop 18p after profits warning

By John Murrell

A warning yesterday from Hewitt Group that profits for 1993 would be below market expectations prompted a 18p fall in the share price to 185p.

Directors said the maker of industrial ceramics and refractories had incurred a "small profit" before tax for the year, including an exceptional gain of some £280,000 from the sale of a quoted investment.

Two factors were blamed for the setback - pre-tax profits for 1992 amounted to £832,000.

Second half sales at the German operation were below expectations due to a delay in a contractor completing an essential capital investment project; and year on year sales of storage heater blocks were lower, reflecting a lack of new property development.

Although a "significant uplift" in demand for blocks, particularly by German customers, had been experienced in the last two months of 1993, it had come too late to compensate for lower activity during the second and third quarters.

Year-end gearing was about 50 per cent with a third of net borrowings short term. At mid-way, gearing stood at 54 per cent. It was expected to fall in the second half.

The directors said the outlook for 1994 was "encouraging, with strong order books".

It was their intention to maintain the final dividend at 1.75p for a 3.25p (3p) total.

Fitzpatrick for market via reverse takeover

By Paul Taylor

One of the UK's largest cable television duct layers, JP Fitzpatrick (Cable TV), is coming to market through a £9.75m cash and paper reverse takeover by Baillie Gifford Technology, the shell investment trust whose shares were suspended at 31p late last month pending an announcement.

BGT, which appointed City dealmakers Mr Luke Johnson and Mr Stephen Hargrave to its board in November, plans to acquire the specialist cable ducting group and its sister company, JP Fitzpatrick Construction.

Mr Johnson said yesterday: "The acquisitions will provide BGT with the opportunity to enter the fast expanding cable television market. It provides the company and its shareholders with a dynamic new business in a growing market."

The purchase price will be satisfied through the issue of 39.4m shares to the vendors, £4.7m of loan notes and £110,000 of cash which will be funded from the proceeds of a placing and rights issue.

BGT plans to raise a total of £7.6m after expenses through a placing by Greig Middleton of 48m new ordinary shares at 10p each and a 3-for-2 rights issue of 33.3m shares at the same price. The rights issue is underwritten by Hill Samuel.

The balance of the new funds raised will be used to provide additional working capital for the enlarged group which will have a market capitalisation of about £14m at the rights issue price and which plans to change its name to Utility Cable.

Ibstock in £8m Portuguese sale

Ibstock Johnsen, the UK's third largest brickmaker, has sold a 20 per cent stake in its Portuguese offshoot, Celulose do Caima, for about £7.9m.

The shares were placed with a number of institutional shareholders in London and Lisbon. Ibstock retains a 58.3 per cent interest.

Caima, which ran up a pre-tax loss of £4m for 1992, owns eucalyptus forests and operates a wood pulp mill. The book value of its net assets at end-December stood at £43m.

Proceeds will be used to reduce group borrowings.

Takare expands

Takare, the nursing home company, said that in the past three months it had commenced construction to accommodate 750 beds.

The expansion follows last September's £68m rights issue.

That represented an aggregate investment of almost £26m.

Medeva US rehabilitation

By Daniel Green

The US Food and Drug Administration has rehabilitated a US subsidiary of Medeva, the UK drugs company, seven months after it issued a warning that a plant in California did not meet production standards.

Last June, the FDA followed up its warning by asking US government agencies not to renew contracts with MD Pharmaceutical, whose plant near Los Angeles had been criticised.

Medeva said that the FDA, "had determined that [MD] may once again be considered as a supplier of drug products to agencies of the US government."

Mr Bernard Taylor, Medeva's chairman, said that the total cost to the company of meeting the FDA's criticisms had been about £1m. There would be further annual costs of "less than £1m" in maintaining the new practices at the plant.

No contracts had been lost during the last seven months, said Mr Taylor, because the first renewal dates were not until March.

Sales of the drug made at MD's plant - an amphetamine called methylphenidate - were worth £23m in 1992.

NatWest Bancorp surges

NatWest Bancorp, the US retail banking subsidiary of National Westminster Bank, reported a rise in net profits from £155.2m to £298.1m (£201.4m) for the year ended December 31.

Mr John Tugwell, chairman and chief executive, attributed the rise to the bank's ability "to control the growth in operating expenses and to improve productivity." Fourth-quarter income was also 92 per cent ahead, from $50m to $96.1m.

The results included previously unrecorded Federal tax benefits of $29m for the quarter and $70m for the full year.

The bank said that the year had benefited from "a considerable improvement in asset quality and the continued growth and diversification of core products."

GKN prepares for £12m sale of Indian stake

By John Griffiths

GKN, the motor components and industrial services group, is preparing to sell for £11.9m its 46.7 per cent stake in Guest Keen Williams, the Indian engineering and fastenings company.

Its agreement to sell the holding for cash to a group of international investors will still leave GKN with a substantial presence in India through other manufacturing ventures in the automotive sector.

Along with China, India is widely seen by the world's motor industry as one of the biggest potential car and truck growth markets over the coming decades.

Guest Keen Williams has a more generalised business in stampings, presswork and fastenings and, like many other businesses GKN has disposed of previously, is no longer seen as relevant to the group's core activities.

The buyers are a group of investors represented by Mr YF Lombard, managing partner of Bearbull Zurich, and Mr BD Bangur of Graphite India. Completion of the deal is subject to formal approval by the Reserve Bank of India.

"The sale is part of a planned divestment programme of non-strategic interests," said Sir David Lees, GKN's chairman.

It will continue to service the Indian automotive sector through Invel Transmissions (constant velocity joints), XLO-GWB Cardan Shafts (propeller shafts and universal joints) and Mahindra Sintered Products (bearings and bushes).

NEWS DIGEST

Surrey Group cuts deficit

Losses at Surrey Group, the USM-traded bookmaker, were cut from £632,000 to £57,000 pre-tax for the half year ended September 30.

Turnover of £20.9m compared with £28.2m. During the period the group completed the sale of 28 betting shops in Scotland to Stanley Leisure for £3.08m, leaving it 49 shops.

The group was trading profitably in August but a "disappointing" September resulted in the mid-year deficit. A programme of further cost savings is being implemented.

Interest costs were trimmed from £368,000 to £188,000.

Losses per share emerged at 0.04p (0.49p).

Gander launches £2.7m rights

Gander Holdings, which switched its main area of operation to property when recently it acquired Timeoften, a London residential property developer, has launched a 1-for-2 rights issue at 8p per share to raise £2.7m.

The company said that the proceeds, along with additional banking facilities, would enable Gander to exploit the growing opportunities in the housing market, especially in Chelsea and Kensington, where it has identified shortages of studio accommodation and apartments.

Mr Oliver Vaughan, chief executive, added that Gander intended to seek a full listing, once it had the necessary trading record. Currently its shares are traded under Rule 535(2).

European setback for Jones Stroud

Jones Stroud (Holdings), the Nottingham-based textile and electrical accessories group, blamed "deteriorating conditions" in its European markets for an 11 per cent contraction in interim profits.

Mr Philip Jones, chairman, said the downturn - from £3.29m to £2.92m - in the six months to end-September, reflected lower exports and difficulties in recouping increased raw material costs following sterling's devaluation.

Turnover improved to £35.9m (£34.2m). Mr Jones said that action had been taken to reduce costs and improve productivity but "beneficial effects will not become apparent until the next financial year".

Earnings per share dipped to 11.4p (12.32p) but the interim dividend goes up 0.2p to 3.5p.

Kode Intl issues profits warning

Kode International, the computer group, has warned that profits for the 1993 year will be below market expectations.

They are, however, expected to exceed the £1.03m pre-tax achieved in the previous 12 months.

The shares fell 4p to 138p.

The company expects to recommend a maintained final of 4p to give an increased full year total of 6p (5.5p).

Pearson sells more Camco shares

Pearson, the UK media group which owns the *Financial Times*, yesterday realised a further £8.5m through the disposal of further shares in Camco International, the Houston-based oil services company.

Last month Pearson raised $200m from the flotation on the New York Stock Exchange of 55 per cent of Camco, then a wholly owned subsidiary. The underwriters had a 30-day option to buy a further 8.25 per cent of Camco on the same terms as for the initial offering.

Yesterday the options were exercised on 900,000 shares. Pearson now holds a minority interest of 41.4 per cent, which it intends to retain for a limited period.

Clayton shares surge on bid talks

Directors of Clayton, Son (Holdings), the Leeds-based engineering concern, confirmed that they are in talks which could lead to an offer being made for the company.

They added that negotiations were "only at a preliminary stage", and that shareholders would be informed of the outcome in due course.

The shares, up 10p on Thursday, surged a further 33p to 103p.

Growth for Real Time Control

Better sales of systems and services into the epos market helped Real Time Control, the USM-quoted computer services company, increase pre-tax profits from £258,000 to £434,000 in the six months to September 30.

The company added that sales continued to be buoyant.

Turnover advanced to £3.58m (£3.13m). Earnings per share were 4.1p (2.5p).

Courtyard talks discontinued

Courtyard Leisure, the wine bar and restaurant operator, said that talks with a private company connected with Mr Harvey Goldsmith and Mr Edward Simons have now been discontinued and there are no plans for further discussions.

However, Courtyard added that it was continuing talks with other parties concerning the expansion of the company.

DIVIDEND ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Eurocamp	fin	6.3	Apr 21	6.3	9.75	9.75

Dividend shown pence per share net.

Argos sales lift underlines bright Christmas trend

Argos yesterday became the latest retailer to report strong trading in the crucial Christmas period, with sales up 18 per cent, writes Neil Buckley.

With new space accounting for 5 percentage points of the increase, and inflation for about 1 point, Mr Bob Stewart, finance director, said the like-for-like increase for the five weeks to Christmas was about 12 per cent.

The catalogue retailer's strong performance helped like-for-like growth in the second half of 1993 rise to 8 per cent, against 5.9 per cent in the first six months.

Total sales growth for the year was 10 per cent - above market estimates. Analysts upgraded their profits forecasts for the year from £79m-£80m to about £82m.

Cellular Telecom to get quote in US

By Peggy Hollinger and Bernard Simon

Cellular Telecom, the UK mobile communications company, is to be quoted in the US following the reverse takeover of a Canadian company once known for its claims to have produced an anti-Aids product.

Health Care Products, which was recently delisted from the Toronto stock exchange and currently trades on Nasdaq, is to pay $3m (£2m) in shares for a 52.17 per cent stake in Cellular Telecom Ltd, the trading subsidiary of Cellular Telecom Holdings.

The UK company will have the option to sell the remaining 47.83 per cent for a further $2.7m in shares.

Cellular Telecom is an air-time services provider for the Vodafone and Cellnet networks and is 19 per cent owned by the offshore family interests of Mr Clive Smith, the Midlands entrepreneur.

Mr Smith is best known for his links with a number of quoted natural resource companies, two of which are under investigation by the Serious Fraud Office.

Negotiations for the deal were conducted on behalf of the UK company by Mr Robert Pollock, a former director of Cellular Telecom. Mr Pollock, a discharged bankrupt, resigned from the board of Cellular Telecom in June following controversy over the collapse of Alpine Double Glazing, where he was chairman.

Health Care was delisted from the Toronto stock exchange after failing to meet requirements for reverse takeovers. Under TSE rules, companies seeking "backdoor listings" are required to issue a detailed information circular on their business, and to obtain shareholders' approval for the transaction.

Most companies comply with these conditions rather than lose their listing. But Health Care was keen to push through the Cellular Telecom deal as quickly as possible, leaving insufficient time to issue the circular with information on both companies or call a shareholders' meeting.

The deal was accompanied by two private placements to raise about C$1.4m (£700,000) half of which was taken up by Oeri Finance of Basle for investment in Cellular Telecom.

Assuming the second placement is completed and the option to sell the remaining stake called upon, Cellular Telecom's vendors will control about 52 per cent of the enlarged quoted company. Health Care will change its name to Cellular Telecom & Technologies.

Health Care provoked controversy about three years ago when the Ontario Securities Commission forced it to withdraw profits forecasts following a significant difference between statements in the 1988 listing prospectus and the actual profits achieved in that year.

Mr Frank Strong, chairman, blamed bad publicity for failure to meet profit projections. Health Care was best known at the time for Wipe Out, a disinfectant which claimed to kill viruses on contact. Advertisements in US tip sheets stated that Wipe Out could "stop the spread of the deadly Aids virus". The US environmental Agency recently ordered the withdrawal of Wipe Out.

Investors to vote on Beverley debt proposals

By Peggy Hollinger and Motoko Rich

Shareholders in Beverley Group, the engineering concern previously known as Petrocon, will decide on Monday whether to sell a number of businesses and properties to a vehicle controlled by its directors in a series of complex deal which the company said was designed to reduce debt.

Investors will also be asked to approve the sale of Gall Thomson Marine, Beverley's most profitable subsidiary, to Villiers, the USM-quoted engineering company, for up to £4m.

In a prospectus sent to shareholders, Beverley proposes to sell two wholly owned subsidiaries, Beverley Group (Almondsbury) Ltd (BGAL) and ESL, for £1 each to Woodlands Grange Engineering, the executive directors' privately owned company.

Beverley's independent directors are recommending the transactions to shareholders as "vital to the group's future".

Mr Colin Robinson, chairman, said that "in order for the group to have adequate working capital for its present requirements, it is necessary that the disposals are approved by shareholders".

The disposals would also eliminate substantial overhead costs.

However, some shareholders are believed to be unhappy with the property and business disposals to Woodland Grange.

The agreement for example leves one of the subsidiaries the subsidiaries, BGAL, with £237,000 in cash, which the directors say is equivalent to the amount which Beverley would pay in redundancies. However, these employees will not be made redundant.

As part of the deal, BGAL's employees will provide management and administrative services to Beverley Group.

Mr Robinson said this allowed Beverley to retain access to its acquisition team, when the time was ripe for expansion. Under the agreement, fees for such services cannot exceed £70,000 this year, unless one non-executive director approves an increase.

The transactions also include the sale of ESL, a surveying subsidiary. Beverley is writing off inter-company debt of £821,000 and repaying a £359,000 bank overdraft. Mr Robinson said Beverley would have been obliged under cross guarantees to meet these debts in any case if, for example, the loss-making subsidiary had been closed.

Woodlands Grange is also buying three properties from Beverley for a total of £997,000, some £650,000 less than book value.

Shareholder concern is focused on the valuations of the properties, including the head office at Woodlands Grange, Bristol, which is being sold to the directors' private company for £612,000. The property is held in Beverley's books at £1.1m.

Beverley will continue to occupy at least 50 per cent of the property for an annual rent payable to Woodlands Grange Engineering of £51,000. Mr Robinson said Beverley had the option to occupy a further 25 per cent of the property at no extra cost.

Mr Robinson, who has previously worked for Gerald Ronson's Heron and Robert Maxwell at Hollis Industries, took a stake in Petrocon in 1991 intending to expand the group through acquisition.

The first purchase was Beverley, the vehicle for the industrial interests of Mr Robinson, his wife, Eleanor, Mr Christopher Colbeck and Mr Michael Bridge. Petrocon then changed its name to Beverley. Mr Colbeck, Mrs Robinson and Mr Bridge are now directors of the quoted company.

Mr Robinson said recession and the discovery of "significant problems" in Petrocon had forced the board to abandon its expansion strategy.

Beverley incurred a £829,000 loss for the first six months of the current financial year, against a deficit of £276,000 last year. Debt of £2.8m represented 50 per cent of shareholders funds.

The group incurred substantial costs last year in its abortive and highly controversial £35m bid for James Wilkes, the rival engineering company.

German metals group to present final rescue plan

By David Waller in Frankfurt

Metallgesellschaft will continue its fight for survival this morning when it presents details of revised refinancing proposals to bank creditors owed DM5bn ($2.86bn). Its plan will be presented at a hastily-convened meeting in a Frankfurt hotel.

The stricken mining, metals and industrial group warned banks yesterday that today's package represented its last chance to avoid formal insolvency proceedings.

Although Metallgesellschaft itself did not tell banks about revisions to the original DM3.4bn rescue package, it emerged that Norddeutsche Landesbank, the public sector bank which condemned the package earlier this week, had won significant concessions.

NordLB, a house bank to the state of Lower Saxony, said the seven state sector banks owed a total of DM1bn by Metallgesellschaft agreed to the proposals as a result of the changes.

It was not clear yesterday whether the modifications would be enough to win over French banks, which declared opposition to the refinancing terms. Their resistance forced a deputation from Deutsche Bank and Dresdner Bank, Germany's two largest banks and big shareholders in the metals group, to fly to Paris for negotiations on Thursday.

The French banks, led by Société Générale and Crédit Lyonnais, objected to the details of the original proposals, and to what they said was a lack of information about Metallgesellschaft's current financial position and prospects.

The negotiations broke off without any agreement on Thursday night, and the German delegation flew back to Frankfurt. Talks continued by telephone yesterday.

The original refinancing proposals envisaged a DM1.4bn rights issue, the conversion of DM1.3bn of bank debt into junior convertible stock, and DM700m in new credit lines.

NordLB said yesterday the proposals had been modified on a number of counts. These are:

- The refinancing need not be unilaterally agreed by all 120 creditor banks – a big change from the group's original stance that all had to agree. This leaves scope for some creditors not to take part in the proposals as long as the total sum of money is provided by the others.
- The amount of fresh money to be lent is likely to be halved to DM350m, implying that Deutsche and Dresdner have backed down from their original position that they would not lend any more money to the stricken conglomerate after extending DM1.5bn emergency facilities last month.
- The terms of the DM1.3bn conversion of debt to junior convertible stock are to be improved.

Metallgesellschaft's shares, readmitted to trading on the Frankfurt stock exchange yesterday after being suspended on Thursday, dropped sharply to DM214, down DM12 from Wednesday night's close.

Alusuisse bid succeeds

By Ian Rodger in Zurich

Alusuisse-Lonza, the Swiss aluminium and packaging group, has succeeded in its C$555m (US$420.5m) takeover bid for the Canadian packaging group, Lawson Mardon.

Alusuisse said it had received more than 98 per cent of the Lawson shares before the expiration of its public offer.

The addition of Lawson, with annual sales of C$1.28bn, would roughly double the size of Alusuisse's fast-growing packaging division.

Mr Georges Schorderet, Alusuisse treasurer, said Lawson would be integrated quickly into the division.

VNU moves into US magazine market

By Ronald van de Krol in Amsterdam

VNU, the Dutch publisher, yesterday unveiled a $220m deal in the US that will give it control over two "bibles" of the West Coast entertainment industry, the daily newspaper Hollywood Reporter and Billboard magazine.

The Dutch publisher, best-known until now as the largest producer of consumer magazines in the Netherlands and Belgium, will also take over 17 other US trade magazines covering music, media and entertainment. The titles include Adweek, Music & Media, and Backstage.

The magazines are all published by BPI Communications, which VNU has agreed to buy from Boston Ventures, the New York Times and BPI's management. The BPI deal will also give VNU several business information databases that will tie in well with its existing US database activities.

VNU, which generated only 9 per cent of its turnover in the US in 1992, against 67 per cent in its home market, said the acquisition would give it a broader base from which to pursue further growth in the US.

The Dutch company, which is already active in trade magazine publishing in Europe, said: "The publications are all trade magazines, an area in which we have a lot of experience. However, the subject matter is new for us."

Its existing trade titles in Europe cover fields such as electronics, computers and engineering.

VNU said it would pay for BPI, and raise money for future expansion, by issuing 3m new shares during the first quarter, probably in March. The shares, equivalent to 20 per cent of VNU's existing capital base and worth around Fl 530m ($270m) at yesterday's price, will be placed by a banking consortium led by ABN-Amro and Goldman Sachs.

The company said it expected 1994 per-share profit to show a further increase even after the capital expansion.

Murdoch faces fresh HK legal challenge

By Simon Holberton in Hong Kong

The troubles for Mr Rupert Murdoch's Star TV network deepened yesterday when Wharf Cable announced the start of legal proceedings to free it from an obligation to air Star TV's channels in Hong Kong.

The Hong Kong-based cable-TV station said it regretted that seven months of negotiations had failed to produce an agreement with Star.

The company's statement is more bad news for Star, which earlier this month suffered a setback in Taiwan, its most profitable market, when its advertising distributor severed its relationship with the broadcaster.

Mr Murdoch is expected in Hong Kong next month to oversee personally a reorganisation of the company, for which his News Corporation paid US$525m last July for a 63 per cent interest.

Wharf Cable launched an eight-channel service at the end of October, five months after it had been awarded an exclusive licence by the Hong Kong government. It plans to invest HK$5bn (US$648m) in a cable system capable of delivering 20 channels.

In June last year it began talks with Star about carrying seven Star TV satellite-based channels. It is unclear why the two companies have not been able to agree terms, although industry executives suggest that differences in business style may partly explain the impasse.

Wharf said it intended to source alternative channels to bring the full programming line up to 20 channels. The loss of seven channels represented a substantial opportunity cost to the company, it said.

Raymond Snoddy adds: An independent survey in 13 countries out of the 53 covered by the Star TV satellite footprint shows that the five-channel service in now seen in 42m homes.

The survey, conducted in September and November by Frank Small and Associates, shows that the number of homes receiving Star channels has nearly tripled since the last survey in January 1993.

In China, where the research was conducted in association with the Chinese authorities, an estimated 30m homes can receive Star. This represents 22 per cent of all television homes in the areas surveyed.

In India Star penetration has more than doubled to 7m.

Meanwhile, News Corporation has rejected reports by analysts that Star could lose between US$60m and US$80m.

The victim of a data revolution

Citicorp got left behind after buying Quotron, writes Richard Waters

Mr Walter Wriston, the legendary head of Citicorp until the mid-1980s, had grand plans in the information services business. "Information about money is almost as important as money itself," he once said. "The information business could easily rival any of our banking businesses as a profit generator in the 1990s."

It was one of those sweeping, visionary statements of which Citibank bosses are so fond. Mr John Reed, Mr Wriston's chosen successor and the current chairman, is also given to such weighty ponderings. And it was Mr Reed who, acting on Mr Wriston's precept, pushed through the bank's bold $680m acquisition of Quotron, a supplier of screen-based financial information, in 1986.

The extent of the gap between Citicorp's ambitions and the realities of the information services business finally became clear this week, as the US's biggest bank announced it was selling Quotron's stock-price information business to Reuters (it will keep Quotron's foreign exchange business). The bank had written down its investment in the information company by $400m in October 1991, and is thought to have been looking to dispose of it ever since. Now, it is taking a further $179m charge and has agreed to pay Reuters money if Quotron's weakened market position deteriorates much further.

Quotron's problems spring from its failure to adapt to a market which has changed quickly in recent years. When acquired by Citicorp, it was the market leader in the US equity market, with some 80,000 of its screens in use. The market for screen services was growing fast and price competition among information providers had yet to bite.

Things look very different now. For a start, the market (estimated at around 150,000-200,000 screens in the US) has stopped growing. The provision of share-price quotations (the basic "quote vendor" service on which Quotron's business is based) is a low-value service for which prices have been falling: prices supplied by the New York Stock Exchange are available for onward transmission to any information provider, making this a "commodity product".

John Reed: pushed through $680m Quotron acquisition

At the same time, Citicorp admits to a lack of investment in Quotron's products until recently, when it revamped its service for the small brokers and institutional investors who comprise the low-value end of the share-price information market.

Quotron's competitors, led by Automated Data Processing, have been more ambitious, adding additional services to their basic quote service and developing interactive screens. Also, many users now prefer to take share-price quotes in the form of an electronic feed, which they can then access on PCs.

The decline in Quotron's market share indicates that it has been left behind. Citicorp puts the number of Quotron screens still in use at "more than 40,000". Big national broking firms such as Dean Witter and Kidder Peabody have dropped its service, though Paine Webber remains a customer.

The company has been left to concentrate on the low-value end of the market, where users pay little – typically $100 a month or less – or a basic quote and news service. The difference between the Quotron service and that provided by rivals like ADP and Reuters is like "the difference between a Hyundai and a Mercedes Benz", says Mr Michael Ellmann, an analyst at Wertheim Schroder. Quotron's problems have also sprung from the uncertainty about its future over the past two years.

The question now is whether Reuters can make any money out of the business. It is reported to have touted the idea of a screen service for the low end of the US equity market at the beginning of the decade, only to pull back when it concluded there was not enough money to be made.

Things may have changed since then. For a start, the technology has moved on. It may be possible for Reuters to find other ways to deliver the Quotron service, at a profit. The UK company may also believe it can sell its Instinet share trading service, which has become a highly profitable operation, to Quotron's users. Much will depend on how much Reuters has to invest to develop Quotron and strengthen its market position.

Based on its current customer base, the Quotron acquisition will make Reuters one of the two biggest providers of screen-based information to the equity markets alongside ADP, with around 40 per cent of the market between them.

It will also reinforce the UK company's attempts to move beyond the foreign exchange market, where it is a dominant force, and extend its leadership into other financial markets.

Wal-Mart to extend store chain into Canada

By Richard Tomkins in New York

Wal-Mart, the biggest retailer in the US, is to spread its discount store empire into Canada. It is buying 120 of Woolworth Canada's 142 Woolco superstores for an undisclosed sum, and turning them into Wal-Mart outlets.

The deal marks a significant expansion for Wal-Mart. Although the company has more than 2,000 stores operating under the Wal-Mart name, and 360 membership warehouses operating under the Sam's Club name, the Canadian move will be its first venture outside the US, Puerto Rico and Mexico.

Canadian retailing stocks fell sharply as investors responded nervously to the threat of increased competition. Shares in Hudson's Bay, the country's biggest retailer, fell C$4¼ to C$35¾.

Woolworth Canada's US parent said the Woolco stores were being sold in line with its strategy of switching away from general merchandising to concentrate on higher-growth specialty retailing outlets such as Foot Locker and Northern Reflections.

In October the group announced a restructuring involving the closure of 970 stores in the US and Canada. Yesterday it emphasised it was not pulling out of Canada.

COMMODITIES AND BOND PRICES

WEEK IN THE MARKETS

Alcan cuts add fuel to metals rally

Alcan of Canada restoked the boiler of a general London Metal Exchange rally that was showing signs of running out steam when it announced late on Thursday that it was making immediate cuts amounting to 156,000 tonnes in a full year in its aluminium production.

The news came at an opportune moment, just a few days before the commencement of a second round of multilateral talks on curing the international aluminium market's growing oversupply problem. At these talks, beginning in Brussels on Tuesday, representatives from Australia, Canada, the European Union Norway, the US and Russia – widely blamed for the present glut – are expected to agree terms for output cuts of up to 2m tonnes a year.

With the LME already closed, the initial reaction to the Alcan news in inter-office trading was somewhat muted. But yesterday saw a sharp rally that took the LME three months price to a five-month high of $1,208 a tonne at one point.

At the close it stood at $1,205.75 a tonne, up $38 on the day and $56.25 on the week.

Other LME base metals contracts joined in the fun. Three months copper, which had already been showing a $33.25 rise on the week, added another $46 to close at $1,826.50 a tonne, while three months nickel extended its weekly gain from $410 to $470 at $5,757.50 a tonne. The lead lead price closed at $508.50 a tonne, up $12 on the day and $35 on the week, and zinc added $23 to its earlier $21.50 rise. Tin closed at $5,022.50 a tonne, up $265 on the week, after gaining $162.50 yesterday.

"After a few days of consolidation the markets look to have firmly established uptrends and are attracting technical buying from [investors following] charts and [investment] funds," one dealer told the Reuter news agency.

The earlier gains had brought a dubious response from some analysts, who said speculators were ignoring the poor fundamental outlook for base metals.

Mr Wiktor Bielski of Bain & Company, part of the Deutsche Bank group, pointed out that nickel had been the "star performer" with a 50 per cent rise from its October low, although the metal's prospects had been deteriorating.

"Metals are cheap compared with the stock and bond market," he pointed out, "and a little money can move prices quite a long way."

At the London Commodity Exchange the cocoa market began by continuing last week's fall, which had been influenced by growing expectations of a big devaluation of the CFA franc, the currency of former French African colonies including the Ivory Coast, the world's biggest cocoa producer. But, as is so often the case, the actual event, which came on Wednesday, brought a reversal in the price trend.

Having dipped to £885 a tonne on that day the LCE's May futures position rallied to end the week £23 up on balance at £929 a tonne.

In the absence of fresh fundamental news dealers attributed the rally, which peaked yesterday at £948 a tonne, to a "positive" technical picture. And the uptrend had been fuelled by covering against earlier "short" sales prompted, they told Reuter, by the appearance of one or two large buyers in the market.

Analysts said yesterday's announcement by the Ivory Coast of an increase in prices paid to farmers following the devaluation was unlikely to lead to substantially higher shipments in the near future.

Richard Mooney

LME WAREHOUSE STOCKS
(As at Thursday's close) tonnes

Aluminium	-500	to 2,501,625
Aluminium alloy	-20	to 48,320
Copper	+3,875	to 617,800
Lead	+3,550	to 305,750
Nickel	+1,248	to 127,116
Zinc	+17,825	to 951,075
Tin	-130	to 20,655

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1993/1994 High	1993/1994 Low
Gold per troy oz.	$390.00	+1.75	$327.85	$405.75	$326.05
Silver per troy oz	344.25p		239.50p	382.50p	236.00p
Aluminium 99.7% (cash)	$1188.5	+55.5	$1215	$1240.00	$1023.50
Copper Grade A (cash)	$1807.0	+75.5	$1445.5	$2375.00	$1108.50
Lead (cash)	$496.5	+36.0	$283.5	$496.50	$361.50
Nickel (cash)	$5695	+465	$5807.5	$6340	$4043.5
Zinc SHG (cash)	$1004.5	+32.0	$1062.5	$1112	$868.0
Tin (cash)	$4970.0	+255.0	$5845	$6047.5	$4340.0
Cocoa Futures May	£930		£728	£1061	£663
Coffee Futures Mar	$1189	-6	$975	$1297	$836
Sugar (LDP Raw)	$259.8	-7.7	$215.6	$317.4	$204.5
Barley Futures Mar	£105.60	-0.10	£133.00	£110.30	£101.50
Wheat Futures Mar	£100.90	+2.50	£137.40	£149.45	£99.30
Cotton Outlook A Index	67.55c	+7.00	57.55c	67.55c	54.15c
Wool (64s Super)	344p	-3	388p	403p	319p
Oil (Brent Blend)	$14.035x	+0.505	$17.60	$19.53	$13.64

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. x Feb.

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1188-9	1205.5-6.0
Previous	1149.5-50.5	1176.5-68
High/low	-	1210/1190
AM Official	1188.5-89.5	1206-6.5
Kerb close		1204-5
Open int.	272,672	
Total daily turnover	62,885	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1007-9	1031-3
Previous	985-88	1009-12
High/low	-	1210/1190
AM Official	1007-9	1031-2
Kerb close		1204-5
Open int.	2,674	
Total daily turnover	361	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	496-7	508-9
Previous	483.5-84.5	496-97
High/low	-	515/503
AM Official	500.5-1.0	513-4
Kerb close		513-4
Open int.	32,252	
Total daily turnover	6,568	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5690-700	5755-60
Previous	5635-40	5695-700
High/low	5755	5820/5700
AM Official	5755-6	5800-5
Kerb close		5790-5
Open int.	53,259	
Total daily turnover	9,066	

■ TIN ($ per tonne)

	Cash	3 mths
Close	4965-75	5020-5
Previous	4805-15	4855-65
High/low	-	5075/4875
AM Official	4945-55	5000-5
Kerb close		5075-80
Open int.	16,021	
Total daily turnover	3,519	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1004-5	1023-4
Previous	996.5-97.5	1015-16
High/low	1013	1034/1022
AM Official	1013-4	1032-3
Kerb close		1204-5
Open int.	98,927	
Total daily turnover	23,321	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1806.5-7.5	1827-8
Previous	1760.5-61.5	1781-82
High/low	1809	1833/1805
AM Official	1809-10	1829-30
Kerb close		1827-8
Open int.	254,743	
Total daily turnover	69,264	

■ LME AM Official £/$ rate: 1.4895
LME Closing £/$ rate: 1.4920

Spot:1.4915 3 mths:1.4837 6 mths:1.4769 9 mths:1.4720

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Jan	84.70	+1.70	84.70	84.20	1,078	95
Feb	84.40	+1.55	84.40	84.00	1,269	31
Mar	84.50	+1.55	84.75	83.90	40,618	9,440
Apr	84.50	+1.50	84.30	84.30	720	2
May	84.50	+1.45	84.75	84.05	8,645	2,048
Jun	84.60	+1.50	84.30	84.30	848	19
Total					67,414	12,080

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	389.80-390.20	
Opening	389.40-389.80	
Morning fix	389.50	260.832
Afternoon fix	390.10	261.689
Day's High	391.30-391.70	
Day's Low	388.90-389.30	
Previous close	389.80-390.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.71	6 months	2.73
2 months	2.71	12 months	2.78
3 months	2.72		

Silver Fix	p/troy oz.	US cts equiv.
Spot	348.85	520.75
3 months	353.25	524.45
6 months	357.65	528.75
1 year	366.60	538.15

Gold Coins	$ price	£ equiv.
Krugerrand	391-394	262-265
Maple Leaf	401.75-403.80	
New Sovereign	91-94	61-64

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

■ CRUDE OIL IPE ($/barrel)

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

■ GAS OIL IPE ($/tonne)

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	42.45	+0.55	42.70	42.00	33,097	13,056
Mar	43.35	+0.60	43.60	43.00	32,461	9,087
Apr	46.20	+0.63	46.40	45.75	24,938	4,202
May	47.10	+0.73	47.25	46.60	28,569	2,146
Jun	47.75	+0.63	47.80	47.25	10,441	963
Jul	48.20	+0.77	48.20	47.90	2,554	139
Total					138,151	29,711

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

■ BARLEY LCE (£ per tonne)

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

■ SOYABEAN MEAL CBT (100 tons; $/ton)

■ POTATOES LCE (£/tonne)

■ FREIGHT (BIFFEX) LCE ($10/index point)

SPICES

The pepper market gradually became more active over the past few days and prices tended firmer in general, reports Man Producten. Nutmeg/white pepper found some demand at about US$2,900 a tonne, cif, for January/March shipment, while new crop positions (August shipment onwards) were quoted at about $2,700 a tonne. The market was very thin and volatile. Black pepper prices recovered as well. Some origins, like Brazil, Vietnam, Malaysia and Indonesia have hardly offered any pepper lately. Only India, with the new but reduced crop around the corner, could be obtained on a daily basis at a level of about $1,550 a tonne, cif.

SOFTS

■ COCOA LCE (£/tonne)

■ COCOA CSCE (10 tonnes; $/tonnes)

■ COCOA (ICCO) (SDR's/tonne)

■ COFFEE LCE ($/tonne)

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

■ COFFEE (ICO) (US cents/pound)

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

■ WHITE SUGAR LCE ($/tonne)

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

■ COTTON NYCE (50,000lbs; cents/lbs)

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Jan 13	Jan 12	month ago	year ago
1687.2	1674.7	1669.0	1714.7

■ CRB (Base: 4/9/56=100)

Jan 12	Jan 11	month ago	year ago
227.97	225.43	224.27	202.72

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

■ LIVE HOGS CME (40,000lbs; cents/lbs)

■ PORK BELLIES CME (40,000lbs; cents/lbs)

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME

	Calls Mar	Calls Jun	Puts Mar	Puts Jun
1100	90	101	4	18
1150	67	92	15	25
1200	37	62	33	44

■ COPPER (Grade A) LME

	Calls Mar	Calls Jun	Puts Mar	Puts Jun
1750	91	126	18	36
1800	59	98	36	54
1850	35	70	62	78

■ COFFEE LCE

	Calls Mar	Calls May	Puts Mar	Puts May
1150	60	91	21	60
1200	34	68	45	75
1250	18	47	79	108

■ COCOA LCE

	Calls Mar	Calls May	Puts Mar	Puts May
875	60	83	13	28
900	44	68	22	38
925	31	54	34	64

■ BRENT CRUDE IPE

	Calls Mar	Calls Apr	Puts Mar	Puts Apr
1400	39	66	58	-
1450	17	42	-	-
1500	9	27	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Mar) +or-

Dubai	$12.94-3.03w	+0.655
Brent Blend (dated)	$14.13-4.18	+0.47
Brent Blend (Mar)	$14.02-4.05	+0.505
W.T.I. (1pm est)	$15.23-5.25w	+0.52

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$146-149	+2.5
Gas Oil	$156-157	+5
Heavy Fuel Oil	$58-61	+1.5
Naphtha	$127-131	+0.5
Jet Fuel	$172-174	+5

Petroleum Argus Estimates

■ OTHER

Gold (per troy oz)♣	$390.00	+0.75
Silver (per troy oz)♣	518.5c	-2.00
Platinum (per troy oz.)	$389.50	-3.75
Palladium (per troy oz.)	$123.75	+0.25
Copper (US prod.)	86.0c	+1.0
Lead (US prod.)	35.00	
Tin (Kuala Lumpur)	12.80r	+0.04
Tin (New York)	234.50	+10.0
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	120.88p	+0.34*
Sheep (live weight)†♦	97.29p	-5.20*
Pigs (live weight)	65.57p	+3.14*
Lon. day sugar (raw)	$259.8	
Lon. day sugar (wte)	$290.8	
Tate & Lyle export	£284.0	
Barley (Eng. feed)	£108.0	
Maize (US No3 Yellow)	£129.0z	
Wheat (US Dark North)	£175.0	-10.0
Rubber (Feb)♥	60.75p	+0.25
Rubber (Mar)♥	61.00p	+0.25
Rubber(KL RSS No1 Feb)	219.5m	+0.5
Coconut Oil (Phil)§	$565.00x	
Palm Oil (Malay.)§	$397.5t	
Copra (Phil)§	$400.0	
Soyabeans (US)	£203.5	
Cotton 'A' Index	67.55c	
Wooltops (64s Super)	344p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Jan w Mar. z Jan/Mar v Sep/Oct. t Mar/Feb. x Mar/Apr ♥ London Physical. § CIF Rotterdam ♣ Bullion market close. ♦ Sheep (Live weight prices) * Change on week, provisional prices.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/04	120.6100	-0.030	6.34	6.67	6.70
Belgium		9.000	03/03	116.4600	-0.140	6.55	6.46	6.64
Canada *		7.500	12/03	107.4000	-0.350	6.47	6.59	6.76
Denmark		7.000	12/04	108.2700	-0.150	5.95	6.07	6.24
France	BTAN	8.000	12/98	111.0000	-0.060	5.06	6.02	6.05
	OAT	6.750	10/03	107.9800	-0.030	5.66	5.71	5.82
Germany		6.000	09/03	102.7000	-0.020	5.63	5.59	5.74
Italy		9.000	10/03	102.7000	-0.080	8.58†	8.59	8.72
Japan	No 119	4.800	06/99	111.3260	-	2.47	2.37	2.46
	No 157	4.500	06/03	110.6150	-	3.06	3.03	3.14
Netherlands		5.750	01/04	101.1000	-0.040	5.60	5.56	5.74
Spain		10.500	10/03	116.3000	-0.250	8.02	8.20	8.35
UK Gilts		9.750	01/98	113-21	-	5.85	5.69	5.62
		6.750	11/04	103-04	-	6.30	6.19	6.33
		9.000	10/08	121-25	-	6.66	6.47	6.58
US Treasury *		5.750	08/03	100-05	-	5.73	5.69	5.77
		6.250	08/23	99-15	-	6.29	6.27	6.24
ECU (French Govt)		6.000	04/04	100.4200	-0.350	5.94	5.93	6.06

London closing, *New York mid-day. Yields: Local market standard.
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

ECONOMIC DIARY – FORWARD EVENTS

TODAY: National savings results (December). Mr Bill Clinton, US president, visits Belarus. Spring-summer haute couture fashion shows open in Paris (until January 19).

TOMORROW: First round of Finnish presidential elections.

MONDAY: Producer price index numbers (December). Index of production (November). UK Economic Accounts: third quarter 1993. European parliament holds plenary session in Strasbourg. Main items on the agenda include potential membership of Austria, Sweden, Finland Norway. Mr John Major, prime minister, is to give evidence to Lord Justice Scott's arms-to-Iraq investigation. Canadian parliament reconvenes.

TUESDAY: CBI survey of distributive trades (December). Leaders of Bosnia's Moslems, Serbs and Croats expected to resume peace negotiations in Geneva. Trade representatives from the world's leading aluminium-producing countries meet in Brussels. New session of Burma's national convention.

WEDNESDAY: Retail prices index (December). Public sector borrowing requirement (December). Retail sales (December).Financial statistics (January). US merchandise trade (November). Mr Douglas Hurd, foreign secretary, visits Ankara.

THURSDAY: Machine tools (November). Provisional figures for vehicle production (December). US housing trade (December); money supply data. British Chambers of Commerce publishes quarterly economic survey. Ukrainian parliament starts new session. Magill Report to be discussed by Westminster council's policy and resources committee. Bass annual general meeting.

FRIDAY: Building societies monthly figures (December). Gross domestic product (fourth quarter-preliminary estimate). Provisional estimates of M4 and counterparts (December). Major British banking groups' monthly statement (end-December). Japan trade balance (December). Mr Suleyman Demirel, president of Turkey, attends summit of Turkic republics in Baku (until January 22).

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	130.94	130.88	-0.20	131.08	130.70	255,489	140,006
Jun	130.44	130.38	-0.20	130.54	130.30	650	10,817
Sep	129.56	129.50	-0.20	129.80	129.46	124	716

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Feb	Calls Mar	Calls Jun	Puts Feb	Puts Mar	Puts Jun
128	-	-	-	-	0.08	0.42
129	-	2.03	-	0.02	0.17	0.68
130	-	1.25	-	0.08	0.36	1.06
131	0.30	0.63	0.96	0.39	0.70	-
132	0.04	0.23	0.56	-	-	-
133	-	0.05	0.30	-	-	-

Est. vol. total, Calls 73,834 Puts 48,471. Previous day's open int., Calls 252,769 Puts 309,006.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	100.68	100.65	-0.09	100.78	100.50	188206	157223
Jun	100.55	100.61	-0.06	100.70	100.55	221	2094

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
10050	0.60	1.02	0.45	0.91
10100	0.37	0.79	0.72	1.18
10150	0.21	0.59	1.06	1.48

Est. vol. total, Calls 19826 Puts 13229. Previous day's open int., Calls 185421 Puts 130545

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	103.12	103.22	+0.06	103.26	103.12	976	9928

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	117.71	117.92	+0.20	118.05	117.50	42833	84827
Jun	117.70	117.98	+0.21	118.00	117.70	64	685

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
11750	1.52	2.80	1.10	2.32
11800	1.25	2.55	1.33	2.57
11850	1.03	2.31	1.61	2.83

Est. vol. total, Calls 1089 Puts 6471. Previous day's open int., Calls 44135 Puts 43447

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	105.45	105.53	+0.07	105.64	105.32	38,938	88,487
Jun	105.90	105.48	-0.16	105.90	105.30	371	7,915

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	118-08	118-01	-0-08	118-11	117-25	100828	104142
Jun	117-12	117-13	-0-08	117-17	117-11	90	163

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
118	1-05	1-42	1-03	2-18
119	0-42	1-16	1-40	2-54
120	0-23	0-59	2-21	3-33

Est. vol. total, Calls 8357 Puts 6852. Previous day's open int., Calls 89927 Puts 61909

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	121.78	121.64	-0.30	121.98	121.62	4,549	13,838
Jun	-	97.08	-0.22	-	-	-	50

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	116-00	115-28	-0-03	116-06	115-25	470,494	325,297
Jun	114-27	114-26	-0-02	115-03	114-23	2,313	16,599
Sep	114-00	113-27	+0-03	114-02	113-27	404	20,497

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	116.70			116.96	116.63	3187	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

UK Gilts Price Indices	Fri Jan 14	Day's change %	Thurs Jan 13	Accrued interest	xd adj yield
1 Up to 5 years (24)	129.71	-	129.71	2.33	0.00
2 5-15 years (22)	161.67	-0.13	161.89	2.86	0.10
3 Over 15 years(9)	187.35	-0.29	187.89	2.44	0.00
4 Irredeemables (6)	223.64	-0.43	224.61	1.87	0.00
5 All stocks (61)	156.43	-0.12	156.63	2.54	0.05

Index-linked	Friday Jan 14	Day's change %	Thurs. Jan 13	Accrued interest	xd adj yield
6 Up to 5 years (2)	191.19	-0.16	191.49	1.45	0.00
7 Over 5 years (11)	190.07	+0.08	189.93	0.67	0.30
8 All stocks (13)	189.26	+0.05	189.16	0.74	0.28
9 Debs and loans (67)	152.90	+1.18	151.12	2.82	0.11

Yields — Low coupon yield — Medium coupon yield — High coupon yield

FT FIXED INTEREST INDICES

GILT EDGED ACTIVITY INDICES

UK GILTS PRICES

Other Fixed Interest

CURRENCIES AND MONEY

MARKETS REPORT

Dollar capped

The politically sensitive relationship between the dollar and yen was highlighted yesterday after Mr Robert Rubin, assistant to the U.S. president for economic policy, denied that the US government had any firm policy on the dollar against the yen, *write Gillian Tett and Philip Gawith.*

Elsewhere in Europe, however, trading was fairly quiet as sterling consolidated some of the past week's gains and the dollar slid back from earlier highs in spite of more strong US economic data.

● Mr Rubin's comment revived the market's interest in the dollar-yen, after a week dominated by the dollar's rally against the D-Mark.

In morning trading the dollar drifted down against the yen on the back of growing pessimism about prospects for US-Japanese trade talks where the US hopes to get a commitment from Japan to act to curb the size of its trade surplus. However, Mr Rubin's comments prompted a brief rally against the yen, moving the dollar up from the Y110.80 level it had slid to in the early afternoon to above Y111.50. The dollar finally closed at Y111.215 in London, down almost one yen from the previous day's close of Y112.165.

Analysts felt that the behaviour of the dollar yesterday showed it had run out of steam.

■ Pound in New York

Jan 14	---Latest---	-- Prev. close --
£ spot	1.4930	1.4970
1 mth	1.4901	1.4938
3 mth	1.4850	1.4889
1 yr	1.4713	1.4735

Despite stronger-than-expected US industrial production data, the dollar also softened slightly against the D-Mark, briefly dipping down to touch the 1993 high of DM1.7480 which it dramatically breached on Thursday. It later recovered to end at DM1.7505 against DM1.752 the previous day.

Dealers said one reason for the fall may have been concerns that the the wave of optimism on Thursday, following the release of bullish economic data, had led them to price too rapid a US recovery into the dollar. Although US December industrial production rose by 0.7 per cent, and capacity use climbed to 83.5 per cent, both above market expectations, the rise in output was lower than November's increase and not as dramatic as the rise in retail sales on Thursday.

A second factor was that many traders were taking profits before the weekend, scaling back positions ahead of America's Monday holiday.

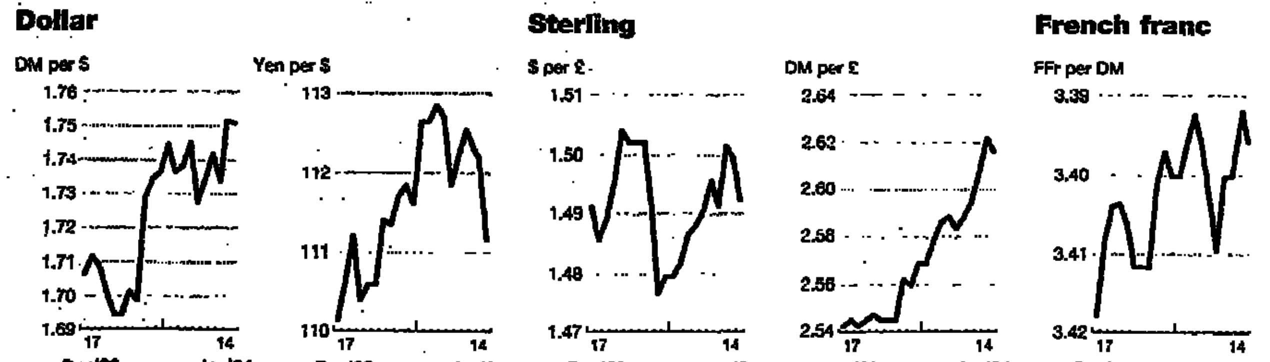
A further factor was uncertainty about the the Bundesbank's stance towards the dollar's rise. Rumours continued to circulate yesterday that the Bundesbank had been in discussion with the US Federal Reserve about stalling the dollar's advance. Although most dealers believe the Bundesbank is merely trying to slow the rise, rather than reverse it, the rumours were sufficient to cap the dollar.

Sterling also remained range bound yesterday, trading around the DM2.6120 levels, some three pfennigs higher than its position at the start of the week. It closed at DM2.6118, slightly down on the previous day's DM2.6209.

Against the dollar it closed at $1.4921, slightly down from $1.496 the previous day.

● The lira fluctuated narrowly against the D-mark yesterday on expectations that Mr Oscar Luigi Scalfaro, Italian president, will set an election date this weekend, possibly ending the political instability that has plagued the country over the past two years. Although it staged a late rally, it closed in London somewhat weaker against the D-Mark at L975.5 compared with a previous close of L971.

● The Bank of England yesterday forecast a shortage of £1.75bn in its UK money market operations, later revised down to £1.3bn. It removed all of this in late morning trading.



Source: FT Graphite

POUND SPOT FORWARD AGAINST THE POUND

Jan 14		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	18.3739	-0.0413	670 - 807	18.4215	18.3405	18.3777	-0.2	18.3871	-0.3	-	-	113.5
Belgium	(BFr)	54.4568	-0.1604	059 - 077	54.6655	54.4050	54.5468	-2.0	54.6668	-1.5	54.9218	-0.9	112.5
Denmark	(DKr)	10.1102	-0.038	010 - 193	10.1387	10.1005	10.1222	-1.4	10.1317	-0.9	10.1562	-0.5	115.4
Finland	(FM)	8.5486	-0.0205	854 - 118	8.6210	8.4740	-	-	-	-	-	-	81.0
France	(FFr)	8.8673	-0.0229	650 - 695	8.8972	8.8525	8.876	-1.2	8.8874	-0.9	8.8951	-0.3	107.9
Germany	(DM)	2.6118	-0.0091	108 - 127	2.6222	2.6079	2.6135	-0.6	2.6149	-0.5	2.6144	-0.1	121.9
Greece	(Dr)	375.064	-1.916	591 - 537	377.072	374.557	-	-	-	-	-	-	-
Ireland	(I£)	1.0444	-0.003	437 - 451	1.0486	1.0419	1.0449	-0.6	1.0456	-0.5	1.0466	-0.2	103.9
Italy	(L)	2547.68	+2.24	650 - 885	2558.75	2544.20	2554.03	-3.0	2565.63	-2.8	2608.53	-2.4	76.2
Luxembourg	(LFr)	54.4568	-0.1604	059 - 077	54.6655	54.4050	54.5468	-2.0	54.6668	-1.5	54.9218	-0.9	112.5
Netherlands	(Fl)	2.9244	-0.0062	224 - 264	2.9348	2.9214	2.9247	-0.1	2.9231	0.2	2.9122	0.4	118.0
Norway	(NKr)	11.2563	-0.0321	549 - 616	11.3030	11.2500	11.2742	-1.7	11.2721	-0.5	11.2585	0.0	84.8
Portugal	(Es)	263.123	-1.082	930 - 316	264.265	262.678	264.518	-6.4	267.138	-6.1	-	-	-
Spain	(Pta)	215.266	-0.6	118 - 414	216.176	214.920	215.986	-4.0	217.116	-3.4	221.041	-2.7	83.9
Sweden	(SKr)	12.2269	-0.0236	174 - 364	12.2555	12.1590	12.2529	-2.6	12.2834	-1.8	12.3889	-1.3	75.5
Switzerland	(SFr)	2.2083	-0.0032	071 - 094	2.2165	2.2050	2.2059	1.3	2.2007	1.4	2.1739	1.6	116.8
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	82.7
Ecu	-	1.3462	-0.0032	457 - 467	1.3500	1.3445	1.3476	-1.2	1.3494	-1.0	1.3515	-0.4	-
SDR†	-	0.916279	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4893	-0.0032	890 - 896	1.4950	1.4845	-	-	-	-	-	-	-
Brazil	(Cr)	576.252	+7.502	147 - 356	579.000	569.000	-	-	-	-	-	-	-
Canada	(C$)	1.9706	-0.0069	699 - 713	1.9815	1.9624	1.9679	1.7	1.9627	1.6	1.948	1.1	92.0
Mexico	(New Peso)	4.6358	-0.0121	335 - 381	4.6525	4.6240	-	-	-	-	-	-	-
USA	($)	1.4921	-0.0039	918 - 923	1.4981	1.4880	1.4891	2.4	1.4839	2.2	1.4689	1.6	67.7
Pacific/Middle East/Africa													
Australia	(A$)	2.1629	-	617 - 640	2.1749	2.1584	2.1614	0.8	2.1592	0.7	2.1592	0.2	-
Hong Kong	(HK$)	11.5289	-0.0261	262 - 316	11.5721	11.4975	11.5085	2.1	11.475	1.9	11.3837	1.3	-
India	(Rs)	46.8038	-0.1223	903 - 172	46.9890	46.6920	-	-	-	-	-	-	-
Japan	(Y)	165.938	-1.858	858 - 018	167.500	165.020	165.488	3.3	164.578	3.3	160.513	3.3	177.6
Malaysia	(M$)	4.0726	-0.0129	681 - 770	4.0870	4.0570	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6742	-0.0123	720 - 763	2.6875	2.6680	2.6764	-1.0	2.6794	-0.8	2.6812	-0.3	-
Philippines	(Peso)	41.3299	-0.108	245 - 352	41.7500	41.0195	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.5949	-0.0146	937 - 961	5.6175	5.5800	-	-	-	-	-	-	-
Singapore	(S$)	2.3996	-0.0079	984 - 007	2.4095	2.3920	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.0935	-0.0018	915 - 955	5.1100	5.0790	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.3823	-0.084	737 - 908	6.4605	6.3500	-	-	-	-	-	-	-
South Korea	(Won)	1211.18	-2.04	060 - 175	1215.40	1208.25	-	-	-	-	-	-	-
Taiwan	(T$)	39.5319	-0.1183	178 - 460	39.7100	39.4300	-	-	-	-	-	-	-
Thailand	(Bt)	38.1517	-0.1147	304 - 730	38.2910	38.0630	-	-	-	-	-	-	-

†SDR rate for Jan 13. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jan 14		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Morgan G'ty index
Europe													
Austria	(Sch)	12.3145	+0.0045	120 - 170	12.3405	12.2905	12.3407	-2.6	12.3792	-2.1	12.4805	-1.3	102.7
Belgium	(BFr)	36.4980	-0.012	700 - 260	36.6020	36.4300	36.648	-4.9	36.888	-4.3	37.573	-2.9	102.2
Denmark	(DKr)	6.7760	-0.0078	710 - 810	6.7970	6.7710	6.7977	-3.9	6.828	-3.1	6.898	-1.8	104.0
Finland	(FM)	5.7294	+0.0012	880 - 708	5.7710	5.6765	5.7396	-2.1	5.7509	-1.5	5.7849	-1.0	75.6
France	(FFr)	5.9430	+0.0001	425 - 435	5.9640	5.9325	5.9608	-3.6	5.9893	-3.1	6.056	-1.9	104.4
Germany	(D)	1.7505	-0.0015	501 - 508	1.7580	1.7475	1.7552	-3.2	1.7622	-2.7	1.7789	-1.6	103.8
Greece	(Dr)	251.375	-0.625	100 - 650	251.900	251.250	255.025	-17.4	261.875	-16.7	296.375	-17.9	71.5
Ireland	(I£)	1.4287	+0.0004	279 - 294	1.4327	1.4225	1.425	3.1	1.4187	2.8	1.4017	1.9	-
Italy	(L)	1707.50	+5.95	700 - 800	1714.25	1703.50	1715.2	-5.4	1729	-5.0	1776	-4.0	77.1
Luxembourg	(LFr)	36.4980	-0.012	700 - 260	36.6020	36.4300	36.648	-4.9	36.888	-4.3	37.573	-2.9	102.2
Netherlands	(Fl)	1.9600	-0.0004	590 - 610	1.9688	1.9573	1.9641	-2.5	1.9699	-2.0	1.9827	-1.2	103.4
Norway	(NKr)	7.5455	-0.0018	445 - 465	7.5780	7.5420	7.5627	-2.7	7.5885	-2.3	7.6555	-1.5	94.3
Portugal	(Es)	176.350	-0.26	250 - 450	176.820	176.230	177.555	-8.2	179.72	-7.6	187.4	-6.3	94.3
Spain	(Pta)	144.275	-0.025	200 - 350	144.700	176.200	145.05	-6.4	146.32	-5.7	150.5	-4.3	79.3
Sweden	(SKr)	8.1947	+0.0056	897 - 997	8.2115	8.1450	8.2287	-5.0	8.2779	-4.1	8.4347	-2.9	81.2
Switzerland	(SFr)	1.4800	+0.0017	795 - 805	1.4882	1.4765	1.4813	-1.1	1.483	-0.8	1.4792	0.1	104.1
UK	(£)	1.4921	-0.0039	918 - 923	1.4981	1.4880	1.4891	2.4	1.4839	2.2	1.4689	1.6	92.1
Ecu	-	1.1084	-0.0003	081 - 086	1.1100	1.1045	1.105	3.6	1.0997	3.1	1.0869	1.9	-
SDR†	-	1.37195	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9982	+0.0005	981 - 982	0.9982	0.9976	-	-	-	-	-	-	-
Brazil	(Cr)	387.555	+6.025	550 - 560	387.580	387.500	-	-	-	-	-	-	-
Canada	(C$)	1.3208	-0.0011	205 - 210	1.3215	1.3170	1.3216	-0.7	1.3227	-0.6	1.3262	-0.4	82.3
Mexico	(New Peso)	3.1070	-	060 - 080	3.1085	3.1060	3.1087	-0.7	3.1128	-0.7	3.127	-0.6	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	102.9
Pacific/Middle East/Africa													
Australia	(A$)	1.4496	+0.0038	491 - 501	1.4535	1.4486	1.4506	-0.9	1.4538	-1.2	1.4613	-0.8	87.1
Hong Kong	(HK$)	7.7269	+0.0014	264 - 274	7.7275	7.7250	7.7294	-0.4	7.7321	-0.3	7.7394	-0.2	-
India	(Rs)	31.3688	-	650 - 725	31.3750	31.3600	31.4488	-3.1	31.6538	-3.6	-	-	-
Japan	(Y)	111.215	-0.95	180 - 250	111.950	110.820	111.14	0.8	110.91	1.1	109.27	1.7	138.8
Malaysia	(M$)	2.7295	-0.0015	270 - 320	2.7325	2.7200	2.7263	1.4	2.7315	-0.3	2.7595	-1.1	-
New Zealand	(NZ$)	1.7923	-0.0035	912 - 934	1.7947	1.7910	1.7936	-0.9	1.7975	-1.2	1.8081	-0.9	-
Philippines	(Peso)	27.7000	+0.05	000 - 000	27.9100	27.5000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7498	-	496 - 500	3.7505	3.7490	3.7543	-1.4	3.7673	-1.9	3.7765	-0.7	-
Singapore	(S$)	1.6082	-0.0011	077 - 087	1.6090	1.6065	1.6066	1.2	1.6048	0.8	1.6142	-0.4	-
S Africa (Com.)	(R)	3.4138	+0.0077	130 - 145	3.4160	3.4005	3.4315	-6.2	3.459	-5.3	3.5618	-4.3	-
S Africa (Fin.)	(R)	4.2775	-0.045	725 - 825	4.3210	4.2600	4.3045	-7.6	4.3575	-7.5	-	-	-
South Korea	(Won)	811.750	+0.75	500 - 000	812.000	811.200	814.75	-4.4	818.25	-3.2	836.75	-3.1	-
Taiwan	(T$)	26.4950	-0.01	900 - 000	26.5100	26.4900	26.5539	-2.7	26.675	-2.7	-	-	-
Thailand	(Bt)	25.5700	-0.01	600 - 800	25.6850	25.5600	25.61	-1.9	25.665	-1.5	25.89	-1.3	-

†SDR rate for Jan 13. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Morgan Guaranty Changes shown for Jan 13. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jan 14		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.56	16.28	4.796	1.917	4679	5.369	20.68	483.1	395.3	22.46	4.054	1.836	3.619	2.740	304.6	2.472
Denmark	(DKr)	53.87	10	8.771	2.584	1.033	2520	2.892	11.14	260.2	213.0	12.10	2.184	0.989	1.950	1.476	164.1	1.331
France	(FFr)	61.42	11.40	10	2.946	1.177	2874	3.298	12.70	296.7	242.8	13.79	2.490	1.128	2.223	1.683	187.1	1.518
Germany	(DM)	20.85	3.871	3.395	1	0.400	975.5	1.119	4.311	100.7	82.43	4.682	0.845	0.383	0.755	0.571	63.51	0.515
Ireland	(I£)	52.16	9.684	8.493	2.502	1	2441	2.801	10.79	252.0	206.2	11.71	2.115	0.958	1.888	1.429	158.9	1.289
Italy	(L)	2.137	0.397	0.348	0.103	0.041	100.	0.115	0.442	10.33	8.450	0.480	0.087	0.039	0.077	0.059	6.511	0.053
Netherlands	(Fl)	18.63	3.458	3.032	0.893	0.357	871.4	1	3.851	89.98	73.63	4.183	0.755	0.342	0.674	0.510	56.74	0.460
Norway	(NKr)	48.37	8.979	7.875	2.320	0.927	2263	2.597	10	233.7	191.2	10.86	1.961	0.888	1.750	1.325	147.3	1.195
Portugal	(Es)	20.70	3.843	3.370	0.993	0.397	968.5	1.111	4.280	100.	81.83	4.648	0.839	0.380	0.749	0.567	63.06	0.512
Spain	(Pta)	25.29	4.696	4.118	1.213	0.485	1183	1.358	5.230	122.2	100.	5.680	1.026	0.464	0.915	0.693	77.06	0.625
Sweden	(SKr)	44.53	8.267	7.250	2.136	0.854	2083	2.391	9.207	215.1	176.0	10	1.805	0.818	1.612	1.220	135.7	1.101
Switzerland	(SFr)	24.68	4.579	4.016	1.183	0.473	1154	1.324	5.100	119.2	97.51	5.539	1	0.453	0.893	0.676	75.14	0.610
UK	(£)	54.46	10.11	8.867	2.612	1.044	2548	2.924	11.26	263.1	215.3	12.23	2.208	1	1.971	1.492	165.9	1.346
Canada	(C$)	27.63	5.129	4.499	1.325	0.530	1293	1.484	5.713	133.5	109.2	6.205	1.120	0.507	1	0.757	84.17	0.683
US	($)	36.50	6.776	5.943	1.751	0.700	1708	1.960	7.547	176.3	144.3	8.197	1.480	0.670	1.321	1	111.2	0.902
Japan	(Y)	328.3	60.94	53.45	15.74	6.293	15359	17.63	67.87	1586	1298	73.72	13.31	6.028	11.88	8.993	1000.	8.113
Ecu		40.46	7.511	6.588	1.941	0.776	1893	2.172	8.366	195.5	160.0	9.086	1.640	0.743	1.464	1.108	123.3	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

EMS EUROPEAN CURRENCY UNIT RATES

Jan 14	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.775762	-0.000119	-4.06	8.20	27
Netherlands	2.19672	2.17477	+0.00085	-1.00	4.85	-
Germany	1.94964	1.94237	+0.00074	-0.37	4.19	-
Belgium	40.2123	40.5090	-0.041	0.74	3.05	-5
France	6.53883	6.59254	-0.00732	0.82	2.96	-7
Denmark	7.43679	7.52136	-0.00263	1.14	2.64	-8
Portugal	192.854	195.666	+0.099	1.46	2.31	-10
Spain	154.250	160.120	-0.142	3.81	0.00	-27
NON ERM MEMBERS						
Greece	264.513	278.811	-0.324	5.41	-1.52	-
Italy	1793.19	1896.21	+6.91	5.75	-1.83	-
UK	0.786749	0.743181	-0.000588	-5.54	9.89	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.

(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.5686	0.5672	-0.0013	0.5693	0.5671	62,495	147,878
Jun	0.5648	0.5644	-0.0011	0.5649	0.5644	641	6,720
Sep	-	0.5636	-0.0055	-	-	31	254

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.8982	0.9029	+0.0054	0.9035	0.8947	20,434	69,395
Jun	0.9000	0.9060	+0.0082	0.9067	0.9000	321	5,395
Sep	0.9068	0.9090	+0.0051	0.9090	0.9068	10	330

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6756	0.6712	-0.0041	0.6762	0.6710	43,713	38,268
Jun	0.6705	0.6710	-0.0038	0.6716	0.6705	50	615
Sep	-	0.6782	-0.0073	-	-	2	30

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.4916	1.4838	-0.0086	1.4924	1.4836	25,198	41,184
Jun	1.4790	1.4760	-0.0088	1.4790	1.4766	141	1,031
Sep	-	1.4710	-	-	-	1	11
Dec	-	1.4680	-	-	-	7	10

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	Calls Jan	Calls Feb	Calls Mar	Puts Jan	Puts Feb	Puts Mar
1.400	8.72	8.46	8.81	-	-	1.21
1.425	6.27	6.10	7.02	-	0.06	1.88
1.450	3.77	3.86	5.43	-	0.32	2.70
1.475	1.33	2.14	4.07	-	0.98	3.61
1.500	-	0.93	2.98	0.98	2.27	5.18
1.525	-	0.32	2.16	3.43	4.05	6.78

Previous day's vol., Calls Puts. Prev. day's open int., Calls Puts

WORLD INTEREST RATES

MONEY RATES

[illegible]

EURO CURRENCY INTEREST RATES

[illegible]

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate

[illegible]

■ THREE MONTH EURODOLLAR (LIFFE) $1m points of 100%

[illegible]

UK INTEREST RATES

LONDON MONEY RATES

[illegible]

■ THREE MONTH EUROMARK FUTURES (LIFFE) DM1m points of 100%

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

[illegible]

BASE LENDING RATES

[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent *from last Thursday's Stock Exchange Official List and should not be* reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's *Official List the latest recorded business in the four previous days is given* with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ϕ Bargains done the previous day.

British Funds, etc

Treasury 13¾% Stk 2000/03 - £139⅜
Guaranteed Export Finance Corp PLC 11¼% Gtd Nts 1994 (Br £10000&100000) - £100.37

Corporation and County Stocks

Blackburn Corp 3½% Irrd Stk - £41 (11Ja94)
Glasgow Corp 3½% Irrd Stk - £42 (12Ja94)
Hull Corp 3½% Stk(2nd Iss) - £42 (11Ja94)
Islington Corp 12.65% Red Stk 2007 - £130

Inter-American Development Bank 11⅜% Bds 1995(Br £5000) - £107¼ϕ
International Bank for Rec & Dev 9¼% Bds 2007 (Br£5000) - £121⅞ (11Ja94)
International Bank for Rec & Dev 10% Bds 1999(Br£1000&10000) - £116¾
International Bank for Rec & Dev 10⅜% Nts 1999 (Br£5000) - £118¾
International Bank for Rec & Dev 11¼% Nts 1995(Br£1000) - £107.26 .28 (11Ja94)
Japan Development Bank 7% Gtd Bds 2000 (Br £ Var) - £105⅛ (11Ja94)
Juidis Develop Public Co Ld 4.25% Cnv Bds 2003(Reg Denom $1000) - $105 (11Ja94)
Kansai Electric Power Co Inc 7⅛% Nts 1998

Greycoat PLC 9.5% Bds 2003 (Br£10000&100000) - £101⅛ ¼ ⅜ (12Ja94)
Guaranteed Export Finance Corp PLC 9¼% Gtd Bds 2008 (Br £ Var) - £121⅛ (11Ja94)
Guaranteed Export Finance Corp PLC 10⅝% Gtd Bds 2001 (Br£Var) - £123⅜ 4 (12Ja94)
Guinness PLC 7⅞% Nts 1997 (Br £ Var) - £103⅜
Guinness Finance BV 8% Gtd Nts *1994(Br1000&10000) - $101¼ 101.85*
Halifax Building Society 7¾% Nts 1998 (Br £ Var) - £106⅜
Halifax Building Society 10⅜% Nts 1997(Br£1000&10000) - £112⅜
Halifax Building Society 11% Subord Bds 2014(Br£10000&100000) - £131⅞ 2⅝ (11Ja94)
Halifax Building Society Collared Fltg Rte Nts 2003 (Br £ Var) - £104⅝ϕ
Hanson PLC 9½% Cnv Subord 2006 (Br £Var) - £125 (12Ja94)
Hanson PLC 10⅜% Bds 1997 (Br £Var) - £113¾
Hanson Trust PLC 10% Bds 2006 (Br£5000) - £118⅞ 9 .05 .2375 ⅜ (11Ja94)
Hickson Capital Ld 7% Cnv Cap Bds 2004 (Reg) - 129½ (10Ja94)
Hickson Capital Ld 7% Cnv Cap Bds 2004 *(Br£1000&10000) - £129 (11Ja94)*
Hongkong & Shanghai Banking Corp LdPrim-CapUnd FRN 3rd Ser (Br$5000&100000) - *$84½ (11Ja94)*
Hydro-Quebec 12¾%DbsSrsHB/3/2015(Br£10000&100000) - £151 (12Ja94)

Thames Water PLC 9½% CnvSubordBds 2006(Br£5000&50000) - £155 (12Ja94)
Thames Water Utilities Finance PLC 10½% Gtd Bds 2001 - £122⅛
3i Group PLC 10¾% Gtd Bds 2001(Br£1000&10000) - £122 (7Ja94)
3i International BV 7¾% Gtd Bds 2003 (Br £ Var) - £105⅞ (10Ja94)
Tokyo Electric Power Co Inc 6.125% Nts *2003(Br$ Vars) - $100.85 (12Ja94)*
Tung Ho Steel Enterprise Corp 4% Bds 2001(Br$10000) - $118 118½
Unilever PLC 7⅜% Nts 1998 (Br £ Var) - £105⅝
United Kingdom 7¼% Bds 2002(Br$Var) - $109⅝
Victorian Pblc Athrs Fin Agency 9⅝% Gtd Bds 1999(Br£Vars) - £114
Woolwich Building Society 11⅝% Subord Nts 2001 - £124⅛ (12Ja94)
Export Development Corp $100m Collared Fltg Rte Nts 5/2/2003 - $100⅝ 100.55
Finland(Republic of) £500m 7% Bds 28/10/ 2000 - £103.4 (10Ja94)
Halifax Building Society DM100m 6.25% Nts *18/4/97 - DM102½ (11Ja94)*
Sirea Ld $13m 6% Variable Red Sec Nts 1996 - $98¼ (11Ja94)
Sweden(Kingdom of) £800m 7½% Nts 3/12/97 - £105⅜ ½
Sweden(Kingdom of) £250m 7% Instruments 23/12/98 - £103¾
Sweden(Kingdom of) £350m 7⅝% Bds 26/7/2000 - £107⅛ (11Ja94)

Sterling Issues by Overseas Borrowers

Listed Companies(excluding Investment Trusts)

Investment Trusts

Miscellaneous Warrants

USM Appendix

Royal Bank of Canada Gov.Stlg Fd LdPtg Red Prf 1p - 56.69 (10Ja94)
Royal Bank of Scotland Group PLC 11% Cum Prf £1 - 123 5 (10Ja94)
Rugby Group PLC 6% Uns Ln.Stk 93/98 - £99
Russell(Alexander) PLC 5.75% Cum Cnv Red Prf - 77 (10Ja94)

Westland Group PLC 12⅜% Deb Stk 2008 - £136½ (11Ja94)
Whitbread PLC 5½% 3rd Cum Prf Stk £1 - 64 (12Ja94)
Whitbread PLC 6% 3rd Cum Prf Stk £1 - 76 (7Ja94)
Whitbread PLC 4½% Red Deb Stk 99/2004 - £86

FBD Holdings PLC Ord Ir£0.50 - I£2.06 (10Ja94)
Gibbs Mew PLC Ord 25p - 395 7 (12Ja94)
Great Southern Group PLC 6.75p Cum Cnv Red Prf 5p - 170 (12Ja94)
Midland & Scottish Resources PLC Ord 10p - 2½ ¾
Reflex Group PLC Ord Ir£0.05 - I£0.6
Total Systems PLC Ord 5p - 88 6 7 8

Rule 535(2)

- £2475 (12Ja94)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Allstate Explorations A$0.694 (12/1)
Alltel $27.185ϕ (7/1)
Anglo-Alpha £10⅝
Bank of East Asia Y1551.124 (11/1)
Cape Range Oil A$0.77 (12/1)
City Developments S$7.98 (7/1)
Cons. Exploration A$0.08585 (12/1)
Devex A$0.692 (11/1)
Dulker Exploration 200ϕ (7/1)
East Coast Minerals 5½
Far East Hotels & Entertainment FFr1.59 (11/1)
Forest Laboratories $32.11ϕ (10/1)
Futuris A$1.369
General Securities Inv. S$2.667 (10/1)
Hoarna North West A$0.258 (12/1)
Hunter Resources 26 (12/1)
Keystone Intl. $29.04ϕ
Kulim Malaysia 72
Kulim Malaysia (Malay Reg) RM4.17
Magellan Petroleum A$2.218
Malayan Credit S$3.2482 (7/1)
Malaysian Plantations 58ϕ62ϕ
Murray & Roberts £11¼ϕ (11/1)
Niugini Mining 285ϕ (10/1)
Oceaneering Int. 900ϕ (7/1)
Oil Search A$1.0385,1.08584
Orbit Oil & Gas 100 (7/1)
Plenty River Mining A$0.0545
Regal Hotels 13 (11/1)
Robinson & Co. S$7.25454 (12/1)
Selangor Coconuts 155ϕ (12/1)
Singapore Land S$8.6029 (7/1)
Walhalla Mining 7ϕ8½

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LONDON STOCK EXCHANGE

MARKET REPORT

UK funds catch the marketmakers by surprise

By Terry Byland,
UK Stock Market Editor

The UK fund managers took hold of the London stock market yesterday and, with the US sellers content to back away, share prices bounced ahead strongly. The FT-SE 100 Share Index gained 40.6 to close at 3,400.6, while the FT-SE Mid 250 Index put on 33.6 for a new closing peak of 3,915.7.

Although several reasons were advanced for the sudden recovery in share prices as the two-week trading account closed, traders admitted that "it caught us all on the hop". Trading volume was very heavy, both in stock index futures and equities.

The strong gains in Far Eastern markets overnight, a slight easing in sterling, and favourable comments on interest rate prospects from the president of the Bundesbank, all helped UK equities. With trading houses still struggling to find stock in spite of the market downturn earlier in the week, prices were squeezed higher when the buyers appeared.

Wall Street, having given ground overnight, started the new session in good form, adding 22 Dow points as London closed down for the day.

The clinching factor for marketmakers was the sudden withdrawal of the US sellers who had been very active in stock index futures on Thursday. This left the market open to the UK institutions, which have become wary lest overseas buyers repeat the spree that drove London to record levels in the first few sessions of this month. US pension funds, increasing their holdings of non-US stocks, played a important role in driving the UK market ahead at the end of last year, and shares have been hit hard this week by US profit-taking.

Account Dealing Dates		
*First Dealings: Jan 4	Jan 17	Jan 31
Option Declarations: Jan 13	Jan 27	Feb 10
Last Dealings: Jan 14	Jan 28	Feb 11
Account Day: Jan 24	Feb 7	Feb 21

*New time dealings may take place from two business days earlier.

The presence of the domestic institutions put the spotlight on some of the smaller UK stocks that tend to be overlooked by the overseas funds. Activity in these smaller stocks lifted the non-Footsie share of the day's business to around 66 per cent. Total Seaq business just topped the 1bn share mark, compared with 899m on Thursday when retail value was again high at £1.94bn.

After its substantial recovery yesterday, the FT-SE Index showed a fall of only 17.8 points over the two-week equity account. But the index has lost 45.4 points this week as the record performances in the new year have been challenged by US selling of the London market.

The strength of equities contrasted with British government bonds, which tumbled sharply yesterday as the sector braced itself for the auction of gilts that the Bank of England said yesterday would be held on January 26 and would comprise conventional gilts maturing from 2008 to 2012.

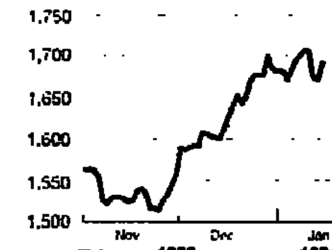
Short dated gilts shed $\frac{1}{32}$ yesterday as base rate hopes remained on the back burner, while longer dates fell by up to half a point. Index-linked, however, edged forward.

The recovery in share prices yesterday reflected the generally very favourable tone of investment comment on the London market from both domestic and international securities houses.

Nervousness has focused around perceptions that base rate cuts might be withheld and also that equity valuations are too high.

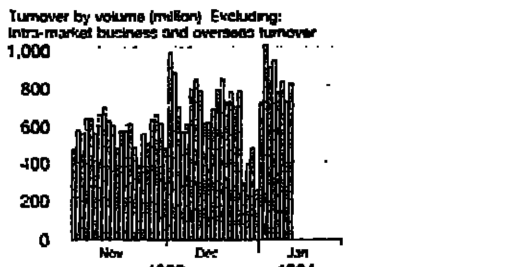
But BZW, the London based investment bank, commented that "the key evidence (of a market peak) is still missing". It believes that debt and unemployment levels in the UK are still too high to allow any significant tightening of monetary policy in the absence of clear inflationary pressures.

FT-SE-A All-Share index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



■ Key Indicators

Indices and ratios		
FT-SE Mid 250	3915.7	+33.6
FT-SE-A 350	1708.5	+19.1
FT-SE-A All-Share	1691.38	+18.26
FT-SE-A All-Share yield	3.35	(3.38)
FT Ordinary index	2612.1	+34.7
FT-SE-A Non Fins p/e	22.26	(22.05)
FT-SE 100 Fut Dec	3416.0	+48.0
10 yr Gilt yield	6.36	(6.33)
Long gilt/equity yld ratio:	2.04	(2.01)

FT-SE 100 Index	
Closing index for Jan 7	3400.6
Change over week	-45.4
Jan 13	3360.0
Jan 12	3372.0
Jan 11	3413.8
Jan 10	3440.6
High*	3442.5
Low*	3356.9

*Intra-day high and low for week

TRADING VOLUME

■ Major Stocks yesterday

	Vol. 000s	Closing price	Day's change		Vol. 000s	Closing price	Day's change
ASDA Group†	14,000	83½	+2¾	Lonrho	4,000	148	+7
Abbey National†	3,700	520	+13	Lucas	3,900	209	+4
Albert Fisher	6,800	73	+6	MEPC†	1,100	511	+14
Allied-Lyons†	3,500	649	+2	MFI	3,300	173	-1
Anglian Water†	310	565	-1	Manweb	83	738	-3
Argos	1,700	379		Marks & Spencer†	2,900	452	+8½
Argyll Group†	4,000	301	+3	Midlands Elect.	358	678	-9
Arjo Wiggins†	2,200	273	+5	Morrison (Wm.)	2,200	116	

EQUITY FUTURES AND OPTIONS TRADING

A squeeze as UK institutions turned aggressive buyers of the London market sent futures contracts sharply forward and brought heavy dealing in the traded options, writes Joel Kibazo.

After an erratic week of exaggerated swings, buyers were seen for the March futures contract on the FT-SE 100 from the outset as it opened at 3,382. Dealers said US houses that had been prominent sellers in the last two sessions had remained on the sidelines as UK institutions moved in.

March lost some momentum mid-session, as traders used the earlier advance to arbitrage between the cash and the futures markets. However, a good premium to cash was maintained throughout the day. It closed at 3,425, just ahead of its fair value premium to cash of 13 points, on volume of 16,688 lots.

Turnover in the traded options jumped to a hefty 56,696 lots with heavy trading in the FT-SE 100 option bring closing volume of 22,493.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3382.0	3416.0	+48.0	3432.0	3376.0	18755	66321
Jun	3403.5	3430.0	+49.0	3438.5	3395.0	1192	4807
Sep	-	3446.0	+48.0	-	-	0	200

Contract traded on APT. Open interest figures are for previous day.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3398) £10 per full index point

	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P	3350 C	3350 P	3400 C	3400 P	3450 C	3450 P	3500 C	3500 P	3550 C	3550 P
Jan	208½	½	158½	1½	111½	3½	65½	9	29½	25½	10	56½	2½	103	1	153
Feb	224	10	180	15½	137½	23	100½	27½	68½	55	43½	81	26	115	14	156½
Mar	234½	21½	192	28½	164½	40½	119	55½	88½	78	64½	101½	43	131½	28½	168
Apr	246	31½	208	42½	170	55½	137	72	107	91½	82	117	61	146½	44½	181
Jun†	274	51			201	77			140½	114½			92	167		

Calls 14,551 Puts 9,127

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	3325 C	3325 P	3375 C	3375 P	3425 C	3425 P	3475 C	3475 P
Jan	279	½	229½	1	180½	2	131½	3	85	6½	45	15½	18	39	5½	76
Feb	293½	4½	246½	7½	201	12	158½	18½	118	29	84½	44	55½	65	34	83
Mar	300½	13			213½	25			137	47½			76½	85½		
Jun	331	33			253	53			184½	82			127½	123		
Sept†	362	53			289	76½			223	107			167	147½		

Calls 3,940 Puts 1,463 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

FT-SE-A INDICES - LEADERS & LAGGARDS

Percentage changes since December 31 1993 based on Friday January 14 1994

Print, Paper & Pckg	+9.85	Services	+2.97	Oil Integrated	+0.09
Engineering, Vehicles	+9.71	Food Manufacturers	+2.92	Consumer Goods	-0.16
Leisure & Hotels	+9.10	Merchant Banks	+2.74	FT-SE 100	-0.52
Retailers, Food	+8.57	Life Assurance	+2.61	Gas Distribution	-0.97
Textiles & Apparel	+6.64	Engineering	+2.61	Investment Trusts	-1.02
Building & Const	+5.39	Transport	+2.61	Pharmaceuticals	-1.50
Support Services	+5.38	Diversified Inds	+1.95	Financials	-1.73
FT-SE SmallCap ex IT	+4.66	Oil Exploration & Prod	+1.85	Property	-1.91
Building Mtls & Mchts	+4.22	Extractive Inds	+1.80	Telecommunications	-2.19

FT - SE Actuaries Share Indices

The UK Series

■ FT-SE Actuaries All-Share

■ Hourly movements

■ FT-SE Actuaries 350 Industry baskets

Power stocks weak

Power generation stocks were among the market's worst performers with utilities specialists saying that all the utilities sectors, which attract support because of their high yields and quality of earnings, may suffer in the absence of any UK interest rate reductions in the short term.

The generators were the worst affected, with UBS, the Swiss-owned stockbroking firm, said to have been an aggressive seller. There were also suggestions that PowerGen and National Power could be about to sell some power stations, to try to head off a referal to the Monopolies and Mergers Commission.

Just before Christmas, Offer, the electricity watchdog, said the English generators could avoid an MMC referral if they came up with an acceptable pricing regime and sold some of their power stations.

The Scottish generators were heavily sold. **Scottish Power** sliding 13, or 2.9 per cent, to 441p, on heavy turnover of 5.2m shares. **Hydro** dipped 11, or 2.5 per cent to 436p. **National Power** fell 11, or 2.3 per cent, to 467p and **PowerGen** 9 to 535p.

Coats in demand

Leading textile group **Coats Viyella** was one of the strongest performers in the FT-SE 100 index yesterday as Smith New Court reiterated a buy recommendation on the company. The shares rose 9¼ to 273¼p. Analyst Mr Mark Puleikis said the shares had been dragged down by recent downgrades on **Courtaulds Textiles, William Baird** and **Dawson International**. But while those three companies had recovered Coats had been left behind.

"On our profit forecast of £192m for this year the shares had fallen to a market rating after being at a 30 per cent premium," said Mr Puleikis. Courtaulds Textiles eased 5 to 519p, Dawson firmed a penny to 148p and William Baird was flat at 262p.

Smaller companies attracted keen interest with activity helped by an upbeat investment seminar at Kleinwort Benson.

The Kleinwort team was especially bullish on the television stocks, which made good progress yesterday. Other stocks to respond included **Bostrum**, 12 higher at 202p, **Microgen**, which moved up 6 to 151p and **Ricardo** and **Sidlaw**, which rose 2 apiece to 192p and 328p.

TSB's preliminary figures continued to trigger support for other high street banks ahead of their results season, which gets under way in February. **Abbey National** was a big beneficiary of straight buying and big switching that saw **Lloyds** heavily sold, and the shares spurted a further 13 to a peak 520p. Lloyds closed 4 off at 523p. The Hong Kong market's strong rally left **HSBC** 28 up at 911p. **Standard Chartered** put on 14 to 1168p with dealers expecting a significant profits upgrade from a top broker next week.

Building stocks continued to attract big buying interest as recent strong sales figures released by the Builders Merchants Federation triggered numerous profits upgrades.

RMC shares were further stimulated by improved hopes for lower German interest rates and climbed 17 to a record 1027p. **Rugby** was a lone weak performer in the sector, the shares slipping 4 to 319p after Kleinwort Benson took the stock off its buy list. **Forte** was up 13p to 283 on further consideration of the possible Ciga bid. **Eurocamp** rose 22p to 285 after good results.

Leisure group **Granada** fell 11 to 551p on concern that its bid for television group LWT might prove tougher than expected. There is speculation that LWT is talking to an unnamed North American company, which might take around 30 per cent of LWT in an effort to block Granada's hostile offer. LWT shares closed 6 higher at 667p.

Advertiser **WPP International** and newspaper **Mirror Group** received encouragement from S.G. Warburg, which once again selected the two companies as their picks in the sector in its outlook for the year.

Warburg's media specialist, Ms Lorna Tilbian, said recovery in advertising spending, strong cash flows resulting in higher dividends and the growth of multi media would ensure the sector remained attractive. She said that WPP and Mirror offered above average growth prospects. WPP rose 3 to 107p while Mirror gained 1½ to 187½p.

Advertising group **Gold Greenlees Trott** improved 10 to 256p making a rise of nearly 25 per cent over the week. The company has acquired control over its joint venture with Amsterdam based group GGK.

Further consideration of the deal by **Reuters Holdings** to acquire the loss-making Quotron equity dealing business in the US sent Reuters shares up 49 to 1902p, a record high.

Pharmaceuticals group **SmithKline Beecham** attracted heavy buying on the back of Thursday's official launch of the company's new shingles treatment and the shares jumped 17 to 424p. Meanwhile, **Wellcome** shares, which had suffered from the competitive threat posed by the new drug, appeared to have hit bottom and good two-way business pulled the stock back up 5 to 655p on hefty volume of 8.9m.

Engineering group **Clayton** raced 33 ahead to 103p, after it said it was in talks that could lead to a bid.

British Aerospace was among a handful of FT-SE 100 stocks that bucked the market trend with Credit Lyonnais urging investors to sell the stock. The shares retreated 9 to 424p, after analysts at the broker said "there are fears of negative surprises at next month's results". There were whispers that long time bull of the stock Henderson Crosthwaite had been among the day's main sellers.

Nervousness about 1994 prospects brought a few surprises among stores. Encouraging Christmas figures from **Argos**, up 18 per cent on last year, were not enough to lift its share price, which held at 379p. **Dixons**, down 3 to 228p, and **WH Smith**, down 7 to 504p, suffered from the announcement of a Monopolies and Mergers Commission investigation into the video games industry.

Speculative buying of **Lucas Industries** saw the shares put on 4 to 209p. Total volume of 3.9m, included a block of 1m done at 210p.

■ CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises			
Albert Fisher	73	+	6
Appl Holographics	95	+	12
Carlisle Grp	36½	+	3
Clayton Son	103	+	33
Cupid	30	+	4½
De La Rue	911	+	22
Eurocamp	285	+	22
French (Thos)	115	+	12
Gold Greenlees	263½	+	17½
HSBC (75p shs)	911	+	29
Hartstone	68	+	4
Haynes Publishing	400	+	25
Lonrho	148	+	7
Lookers	192	+	9
Provident Finl	506	+	22
Regalian	39½	+	5
Reuters	1902	+	49
Scantronic	86	+	6
Slough Estates	278	+	14
Waverley Mining	44½	+	5
Falls			
Granada	551	-	11
Hewitt	185	-	18
MR Data Mngmt	192	-	9
National Power	467	-	11

NEW HIGHS AND LOWS FOR 1993/94

NEW HIGHS (234).

BANKS (2) Anglo Irish, Espirito Santo BREWERIES (2) Eldridge Pope A, Fuller STA. BUILDING & CNSTRN (10) BLDG MATLS & MCHTS (12) CHEMICALS (2) Croda Intl., Perstorp B, DISTRIBUTORS (12) DIVERSIFIED INDLS (4) Adwest, BTR Nylex, Pacific Dunlop, Powell Duffryn, ELECTRNC & ELECT EQUP (8) Alba, Cray, Critchley, Druck, Eurotherm, Nokia Prf., Pifco, Do A, Vtech, ENGINEERING (18) ENG. VECHICLES (4) BBA 6 75p Pf., GKN, Trinity, Volvo B, EXTRACTIVE INDS (13) FOOD MANUF (4) Acatos & Hutcheson, Avonmore A, Carr's Milling, Greencore, HEALTH CARE (2) Nestor-BNA, Takare, HOUSEHOLD GOODS (3) Airsprung, Victoria Carpet, Walker Greenbank, INSURANCE (4) Archer (A.J), FAI, Lowndes Lambert, Skandia, INVESTMENT TRUSTS (35) INVESTMENT COMPANIES (6) Brazilian Tst., Indonesia Equity, JF Philippine Wrts., Mediterranean Fd., South America Fd., Do Wrts., LEISURE & HOTELS (8) Airtours 6 3/8p Pf., Castle Comms, Courtyard, Hi-Tec, Parkdean, Stakis, Stanley, Vardon, LIFE ASSURANCE (1) Trans. B 6pc Pf., MEDIA (8) Anglia TV, CIA, Capital Radio, Metal Bulletin, More O'Ferrall, Nth. Atlantic Smlr Ln '13, Quarto, Southern Radio, Southnews, MERCHANT BANKS (3) Close Bros, Schroders, Singer & Friedlander, OIL, INTEGRATED (2) Norsk Hydro, Petrofina, OTHER FINANCIAL (12) OTHER SERVS & BUSNS (3) Anglo-East Plants., Bailey (CH), General Mtrs. Uts., PRTNG, PAPER & PACKG (10) API, Arjo Wiggins Appleton, Bunzl, Cropper (J), Inveresk, Kymmene, Macfarlane (C), Repola, Senl, Smith (DS), PROPERTY (14) RETAILERS, FOOD (2) M & W, Watson & Philip, RETAILERS, GENERAL (2) Body Shop, Vendome Luxury Uts, SPIRITS, WINES & CIDERS (1) Highland Dists., SUPPORT SERVS (8) Hays, Hogg Robinson, Johnson Cleaners, Page (M), Reed Executive 2p, Waterman Ptnrs., TELECOMMUNICATIONS (4) TEXTILES & APPAREL (2) French (T), Rexmore, TRANSPORT (7) AMERICANS (5) NEW LOWS (9).

GILTS (2) Treas. 12pc '95, Treas. 15 1/4pc '96, HEALTH CARE (2) Haemocell, Shield Diagnostics, OTHER FINANCIAL (1) Policy Portfolio, OTHER SERVS & BUSNS (1) Platignum, RETAILERS, FOOD (1) Geest, SUPPORT SERVS (1) DSM.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	167.6	169.1	172.0	+0.30	0.00
AIB Grofund Equity	5	247.6	250.4	264.9	-0.18	1.48
AIB Grofund Euro	5	196.7	197.9	208.3	-1.90	0.00
AIB Grofund Eqt Balanced	3	119.5	121.3	125.7	-2.30	0.58
AIB Grofund Gilt	3	82.07	82.09	84.63	-0.37	4.28
AIB Grofund Japan	5	164.1	165.5	174.2	+1.00	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H
Equity & Law Hse, Corpn St, Coventry 0203 553231

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	493.4	494.7	526.3	+7.0	2.08
General Acc	5	547.7	549.1	584.32	+7.7	2.08
UK Growth Acc	6	370.0	374.8	392.6	+4.8	2.23
UK Growth Inc	6	259.1	262.4	279.2	+3.3	2.23
Higher Inc Acc	6	695.1	703.9	748.9	+5.8	3.12
Higher Inc Inc	6	415.7	421.0	447.9	+3.4	3.12
Gilt/Fxd Int Acc	5½	195.1	195.7	208.1	-0.6	5.43
Gilt/Fxd Int Inc	5½	99.77	99.77	105.3	-0.4	5.43
Nth America	6	257.6	262.7	279.5	+0.1	0.00

[illegible]

Capel-Cure Myers UT Mngt Ltd - Contd.
Exempt Fund

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Yield	2	1428.90	1430.90	1458.0	+12.0	3.66
(Accum Units)	2	1708.00	1730.00	1774.0	+15.8	3.66

Capital House Unit Tst Mgrs (1200)F
Capital House, Festival Square, Edinburgh.
031-228 4477 Dealing 0800 833567

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Gwth Tst	6	37.77	38.18	40.63	+0.18	0.90
American Gwth Tst Acc	6	37.99	38.41	41.07	+0.18	0.90
Cash Acc	0	61.50	61.50	61.59	+0.01	4.98
Do Income	0	50.30	50.30	50.37	—	4.98
European Gwth	6	38.78	38.78	41.38	-0.08	0.85
Income & Gwth Acc	6	32.45	32.67	34.94	+0.49	3.84
Do Income	6	29.96	30.17	32.26	+0.46	3.84
Intnl Gwth	6	31.79	31.85	34.06	+0.54	0.75
Japan Gwth	6	25.99	26.02	27.82	+0.68	—
Managed Tst Acc	6	52.26	52.26	55.89	+0.79	0.48
Do Income	6	50.72	50.72	54.24	+0.77	0.48
Oriental Opps Acc	6	163.1	163.1	174.6	+0.8	0.58
Do Income	6	158.9	158.9	169.9	-0.8	0.58
Property Shares	6	44.33	45.57xd	48.73	-0.44	1.67
Smaller Cos	6	32.02	32.02	34.24	+0.14	1.55
UK Growth Tst	6	27.24	27.24	29.13	+0.4	2.59
Mngd Exempt Acc	3	271.6	271.6xd	279.8	-0.4	2.26
Do Income	3	253.1	253.1xd	260.6	-0.3	2.26

Royal Scottish Assurance

[illegible]

Fidelity Investment Servs Ltd - Contd.
Income Funds

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income	4	29.00	29.32xd	30.89	+0.14	4.56
Income Plus	5¼	128.7	128.7	136.9	+1.30	3.74
Amer Eq Inc	6¼	48.80	48.80	51.55	+0.19	1.82
European Income	5¼	43.92	44.10	46.90	-0.33	2.38
Far East Inc	5¼	64.99	64.99	69.33	+0.62	2.78
Global Convertible	5¼	25.29	25.29xd	26.38	-0.03	2.10

Equity Funds

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
ASEAN	5¼	66.46	66.46	70.90	+4.95	0.00
American	5¼	237.2	237.2	251.5	+1.50	0.00
Amer Spec Sits	5¼	112.1	112.1	119.8	+0.20	0.00
Japan Smaller Cos	5¼	38.34	38.45	41.02	+1.01	0.00
European	5¼	159.4	159.6	169.8	-0.40	0.00
European Opps	5¼	59.09	59.25	63.00	-0.18	0.00
UK Growth	5¼	89.93	90.56	96.29	+0.71	0.00
Growth & Inc	5¼	161.6	161.6xd	171.3	+1.50	2.35
Intl PEP	5¼	36.03	36.28	33.58	+0.51	0.00
Japan Spec Sits	5¼	86.32	86.32	82.27	+2.65	0.00
Japan	5¼	180.4	180.4	192.6	+4.70	0.00
Managed Intl	5¼	264.3	264.3	282.1	+4.20	0.00
Moneybuilder	3¼	52.00	52.00	55.47	+0.03	0.00
Recovery	5¼	43.58	44.72	47.55	-0.20	0.00
South E. Asia	5¼	168.8	168.8	178.0	+9.40	0.00
Special Sits	5¼	507.9	518.3	548.0	+1.20	0.00

Specialist Funds

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Index	5¼	116.0	116.0	122.2	+1.60	2.94

[illegible]

Granville Unit Tst Mngmt Ltd (0600)F
Mint Hse, 77 Mansell St, London E1 8AF

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Small Co's	5¼	91.48	91.48	[illegible]	[illegible]	[illegible]
Bridge Income	5	389.35	209.350	[illegible]	[illegible]	[illegible]

Guardian Royal Ex Unit Mgrs Ltd
38 Harbour Exchange Sq, Lon E14 9GE

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Cash	0	134.0	134.0	[illegible]	[illegible]	[illegible]
European	6	437.5	443.5xd	[illegible]	[illegible]	[illegible]
Gilt & Fixed	6	139.9	139.9	[illegible]	[illegible]	[illegible]
Growth Equity	6	342.8	348.2	[illegible]	[illegible]	[illegible]
Income Trust	6	130.8	132.5xd	[illegible]	[illegible]	[illegible]
International	6	182.8	184.8	[illegible]	[illegible]	[illegible]
Japan Trust	6	120.3	121.4	[illegible]	[illegible]	[illegible]
Nth American	6	275.6	277.3	[illegible]	[illegible]	[illegible]
Pacific	6	602.2	619.8	[illegible]	[illegible]	[illegible]
Guardian	6	499.1	504.8	[illegible]	[illegible]	[illegible]
Accum Units	6	507.7	513.5	[illegible]	[illegible]	[illegible]

Guinness Flight Unit Tst Mgrs Ltd
5 Gainsford Street, London SE1 2NE

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
EMU Trust	3¼	118.18	118.18	[illegible]	[illegible]	[illegible]
Global High Income	3¼	120.63	120.63	[illegible]	[illegible]	[illegible]
Premium Fixed Interest	3¼	118.25	118.25xd	[illegible]	[illegible]	[illegible]
Equity & Bond Income	5¼	109.73	110.84xd	[illegible]	[illegible]	[illegible]
European Growth	5¼	92.60	92.87	[illegible]	[illegible]	[illegible]
Intl PEP Trust	5¼	59.22	59.22	[illegible]	[illegible]	[illegible]
High Income	5¼	123.20	125.05	[illegible]	[illegible]	[illegible]

[illegible]

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Smaller Cos	5¼	166.7	169.0	180.8	+0.8	1.93
European	5¼	77.89	77.98	83.23	-0.78	0.25
Japanese Growth	5¼	44.80	44.80	47.52	+1.16	0.00
Managed P'folio	5¼	70.43	70.43	75.27	+0.99	1.36
High Income	5¼	201.1	207.5	215.5	+0.4	3.78

Marks & Spencer Unit Trust Ltd (1200)F
PO Box 410, Chester X, CH99 9GS 0244 680088

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
M & S Inv P'folio	5	157.4	157.5xd	167.5	+0.86	1.69
Do Accum	5	177.8	177.8xd	189.1	+0.98	1.69
UK Sel P'folio	5	134.8	135.2xd	143.8	+1.13	1.83
Do Accum	5	153.4	154.1xd	163.9	+1.13	1.83

Marlborough Fund Managers Ltd (1630)F
57 Victoria Square, Bolton, BL1 1LA 0204 364642

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Managed Tst	5	69.83	70.58	75.10	—	3.10

Martin Currie Unit Trusts Ltd (0905)H
Saltire Crt, 20 Castle Terrace, Edinburgh 031-479 4646

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Intl Income	5¼	78.92	79.66xd	84.85	+0.41	3.52
European (z)	6¼	82.44	82.63	87.72	-1.17	0.43
Income & Growth	5¼	82.70	82.70	87.78	+0.04	2.40
Nth American (z)	5¼	61.70	61.70	65.50	-0.8	0.07
Far East (z)	6¼	181.4	181.4	192.6	-8.8	—
Charities	5¼	128.8	128.9	134.7	-0.3	3.60
Japan	5¼	53.83	53.83	57.14	-1.3	—
Emerging Markets	6	128.3	129.0	138.0	+2.8	0.12
Intl Growth(9-1)	5¼	111.8	112.8	119.7	+2.4	0.18
UK Growth	5¼	87.42	89.01	94.48	+0.37	1.86

Mercury Fund Managers Ltd (1000)H
33 King William St, EC4R 9AS Dealing 071-280 2860

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	5	208.4	209.4xd	222.7	+1.20	0.00
(Accum Units)	5	223.8	223.8xd	238.0	-1.30	0.00
American Opps	5	91.41	91.85	97.87	+0.24	0.00
(Accum Units)	5	92.55	93.00	99.20	+0.24	0.00
British Blue Chip	5	83.92	83.92	88.76	+0.22	2.84
(Accum Units)	5	100.2	100.2	106.7	+0.30	2.84
Cash *	0	101.0	101.0	101.0	—	5.06
(Accum Units) *	0	132.8	132.8	132.8	—	5.05
Emerging Markets	5¼	133.5	134.6	144.7	-0.10	0.00
(Accum Units)	5¼	133.5	134.6	144.7	-0.10	0.00
European Growth	5	241.9	241.9	258.7	-1.40	0.82
(Accum Units)	5	260.5	260.5	278.3	-1.60	0.82
European Income	5	83.82	83.82xd	88.84	-0.73	2.74
(Accum Units)	5	109.8	109.8xd	118.3	-0.90	2.74
General	5	543.1	543.7	579.9	+1.80	2.09
(Accum Units)	5	1040	1040	1109	+3.00	2.09
Global Bond	5	135.1	136.1	142.1	+0.20	5.60
(Accum Units)	5	194.7	195.7	163.6	+0.70	5.60
Govt Securities	3	102.4	102.4xd	108.5	-0.70	8.74
(Accum Units)	3	189.7	189.7xd	196.7	-1.10	8.74
Gold & General	6¼	199.2	199.2	214.2	+0.50	0.44
(Accum Units)	5¼	203.7	203.7	219.0	+0.50	0.44
Income	5	164.3	164.3xd	174.9	+0.50	3.90
(Accum Units)	5	245.7	245.7xd	261.6	+0.80	3.90
International	5	455.8	455.8xd	485.8	+6.40	0.56

[illegible]

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
South East Asian	6	273.71	280.45	298.38	+17.30	0.26
International Bond	6	140.90	140.97	149.97	-0.05	4.11
Gilt & Convertible	6	116.33	116.48xd	123.92	-0.44	7.79
Property F	6	78.24	80.63xd	85.78	+0.18	5.90
Cash Deposit Accum F	0	109.63	109.63	109.63	+0.01	5.31

PDFM Unit Managers Ltd (1400)F
14 Finsbury Square, London EC2A 1PD 071-628 8070

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Exempt Jan 14	¼	148.27	148.27	150.36	+0.45	3.50
Charities Intl Jan 14	¼	185.19	185.19	188.06	-1.36	2.26

Pearl Unit Trusts Ltd (1000)F
Pearl Centre, Lynch Wd, Peterborough PE2 6FY
Dealing: 0800 828577 Enquiries: 0733 470470

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Equity	6	248.2	251.7xd	267.7	+1.10	1.99
(Accum Units)	6	512.4	519.8	552.7	+2.30	1.99
Growth	6	158.1	160.8	169.3	+0.70	2.17
(Accum Units)	5	280.1	286.0	293.8	+1.10	2.17
Income	6	252.2	253.7	271.8	+0.80	2.69
Intl Equity	6	247.1	248.8	264.7	+3.40	0.61
(Accum Units)	6	272.3	274.2	291.6	+3.60	0.61
UK Income	6	69.26	70.22	74.69	+0.18	2.66
UK Intl 25	6	78.90	80.85	86.02	+0.53	1.55
UK Smaller Co's Acc	6	87.15	89.56	95.30	-0.27	1.28
New Europe	6	71.67	71.86	76.47	-0.60	0.37

Pembroke Administration Ltd (0800)F
18-19 Sandland St, London WC1R 4PZ 071-430 0586

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Pembroke Growth	6	175.08	177.77	189.11	-0.02	1.58
Pembroke World Acc	6	74.85	76.80	81.81	+0.58	0.34
Pembroke Balanced	6	178.95	180.07	192.87	-0.75	2.72
Pembroke Income	6	107.77	107.88	114.88	+0.12	4.20

Perpetual Unit Tst Mngmt (1600)F
48 Hart Street, Henley on Thames 0491 417000

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
International Gwth	5¼	607.63	608.38	651.75	+4.78	0.04
Income	5¼	384.33	385.07	391.42	+3.74	2.63
W'wide Recovery	5¼	378.15	378.16	404.44	+6.85	0.28
American Growth Inc	5¼	234.25	234.93	251.37	+2.07	0.01
American Growth Acc	5¼	234.25	234.93	251.27	+2.07	0.01
Intl Emerging Cos	5¼	234.88	257.27	275.16	+3.62	0.01
Far Eastern Growth Inc	5¼	297.22	302.12xd	323.13	+14.38	0.01
Far Eastern Growth Acc	5¼	297.22	302.12	323.13	+14.38	0.01
European Gwth Inc	5¼	138.69	139.77xd	149.49	+1.69	0.59
European Gwth Acc	5¼	138.69	139.77	149.49	+1.09	0.58
UK Growth Inc	5¼	92.47	92.78	99.24	+0.75	2.32
UK Growth Acc	5¼	92.47	92.78	99.24	+0.75	2.32
High Income	5¼	99.72	109.07xd	167.03	+0.81	3.80
Japanese Gwth Inc	5¼	212.81	212.81	228.31	+4.35	0.01
Japanese Gwth Acc	5¼	212.81	212.81	228.31	+4.35	0.01
PEP Growth	5¼	121.28	121.71	130.18	+1.38	0.88
Asian Smlr Mkts Inc	6¼	146.26	147.86xd	158.14	+7.63	0.01
Asian Smlr Mkts Acc	6¼	146.26	147.86	158.14	+7.63	0.01
American Smlr Cos Inc	5¼	139.81	141.44	151.28	+0.82	0.01
American Smlr Cos Acc	5¼	139.81	141.44	151.28	+0.82	0.01
Global Bond	5¼	84.85	84.98	88.43	-0.22	5.11
UK Smaller Cos Inc	5¼	78.64	80.65	86.27	+0.34	1.10
UK Smaller Cos Acc	5¼	80.72	82.79	88.55	+0.35	1.10

[illegible]

Guide to pricing of Authorised Unit Trusts
Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

TSB Unit Trusts (1200)F
Charlton Pl, Andover, Hants. SP10 1RE 0264 345794

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB American	6	228.43	229.43	244.00	+8.53	–
Do Accum	6	252.71	252.71	268.84	+8.58	
TSB Brit Growth	6	100.22	101.40	107.87	+1.18	1.67
Do Accum	6	118.68	120.06	127.74	+1.40	1.57
TSB European	6	105.49	106.48	113.28	-0.32	0.23
Do Accum	6	113.17	113.17	120.40	-0.34	0.23
TSB Extra Income	6	218.84	218.84	233.81	[illegible]	5.46
Do Accum	6	354.21	356.44	382.59	[illegible]	5.46
TSB Smaller Cos	6	74.82	76.51	81.39	+0.20	0.93
Do Accum	6	82.84	85.06	90.48	+0.22	0.93
TSB General	6	305.41	[illegible]	335.59	+4.87	2.02
Do Accum	6	615.20	623.50	653.30	+8.87	2.02
TSB Premier Income	5	56.61	57.65	60.08	-0.84	5.58
Do Accum	5	121.34	123.59	128.74	-0.09	5.58
TSB Income	6	378.07	378.23	402.38	+1.20	3.10
Do Accum	6	780.09	801.03	852.18	+8.77	3.10
TSB Pacific	6	434.58	434.58	462.32	+17.28	–
Do Accum	6	459.83	459.83	488.76	+18.31	
TSB International	6	585.91	585.91	602.04	+7.51	0.07
Do Accum	6	742.72	742.72	790.13	+9.84	0.07
TSB Nat Resources	6	179.81	184.56	196.37	+4.98	–
Do Accum	6	197.44	202.56	215.51	+5.47	
TSB Select Opps	6	114.82	116.42	123.85	+0.85	0.86

INSURANCES

AXA Equity & Law Life Assce
Amersham Road, High Wycombe 0494 463463

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equities Ser 5	991.7	1043.8	+12.6	–
Higher Income Ser 5	1070.4	1126.7	+8.2	–
Property Ser 5	523.9	551.4	–	–
Fixed Interest Ser 5	423.8	446.2	-1.6	–
Index Lnkd Secs Ser 5	187.1	196.9	-0.5	–
Gtd Deposit Ser 5	288.6	303.7	–	–
Nth America Ser 5	437.7	460.7	-0.3	–
Far East Ser 5	557.7	587.0	+19.4	–
Europe Ser 5	356.8	375.5	-3.0	–
International Ser 5	555.3	584.5	+4.1	–
Balanced Ser 5	709.2	746.5	+4.9	–
Reserve Ser 5	149.3	157.1	-0.1	–
Opportunity Ser 5	162.7	171.2	+2.6	–
Distribution Ser 5	109.5	115.2	–	–
Pens Equity Ser 3 05	1390.8	1463.9	–	–

Britannia Life Assurance
50 Bothwell Street, Glasgow G2 6HR 041-248 2000
Life Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Performance	169.9	178.7	+0.8	–
Performance Plus	167.1	175.8	+0.7	–
With Profit Perform	165.8	175.4	–	–
UK Opportunity	187.7	198.8	-1.9	–
European Opportunity	218.8	231.6	+0.3	–
Nth American Opp	169.3	179.1	–	–
Far Eastern Opp	207.5	219.5	+5.9	–
Overseas	192.4	203.5	+0.9	–
Gwth Prp Ser 1 Mar 6	141.6	149.9	–	–
Gwth Prp Ser 2	166.7	176.4	–	–
Fixed Interest	197.3	208.7	–	–
Cash	152.3	161.1	–	–

Britannia Life Ltd
50 Bothwell Street, Glasgow G2 6HR 041-248 2000

	Bid Price	Offer Price	+ or -	Yield Gross
Equity Pen Acc	68.70	73.80	–	–
Building Soc Pen Acc	45.60	48.80	–	–
American Pen Acc	75.80	81.40	–	–
European Pen Acc	41.10	44.10	–	–
International Pen Acc	58.40	62.80	–	–
Managed Pen Acc	47.30	50.80	–	–

Crown Financial Management Ltd - Contd.
Individual Pension Funds(z)

	Bid Price	Offer Price	+ or -	Yield Gross
American	153.7	161.7	+1.3	–
Building Society	198.5	208.0	–	–
Equity	1049.8	1104.8	+19.1	–
European	350.9	369.3	-0.9	–
Fixed Interest	446.8	470.3	-1.7	–
International	267.1	281.1	+3.0	–
Investment Trust	460.5	484.7	+5.3	–
Japanese	285.1	299.5	+8.8	–
Managed	604.6	668.0	+8.4	–
Money	363.7	382.8	–	–
Property	166.9	175.6	+0.1	–

Group Pension Funds(z)

	Bid Price	Offer Price	+ or -	Yield Gross
American	167.3	173.3	+1.4	–
Equity	1162.1	1204.2	+20.8	–
European	378.9	392.6	-1.0	–
Fixed Interest	514.4	533.0	-1.9	–
International	288.8	299.2	+3.2	–
Investment Trust	502.2	520.4	+5.7	–
Japanese	276.3	286.3	+7.3	–
Mixed	911.4	952.7	+12.0	–
Money	494.8	512.7	+0.1	–
Property	180.6	187.1	+0.1	–

Hearts of Oak Insurance Group
Hearts of Oak House, 9 Princess Rd West, Leicester LE1 6TH 0533 549010
HOFS Life Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Property	56.3	58.5	–	–
Managed	331.3	352.1	–	–
Tax Exempt	171.4	181.8	–	–
Nova Mixed	131.7	139.9	–	–
Nova Property Series 2	102.3	108.7	–	–
Nova European	140.5	149.3	–	–
Nova Gilt Edged	135.7	144.2	–	–
Nova With Profits	105.2	111.8	–	–
A A Fund	270.8	270.8	–	–

LANMAS Life Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Equity	198.3	208.6	–	–
Equity Series 2	71.3	75.7	–	–
International	70.8	76.2	–	–
Deposit	76.2	80.9	–	–

HOFS Pension Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Property Pension	56.3	58.5	–	–
Pension Managed	368.2	383.4	–	–
P.P. Managed	176.2	185.5	–	–
App Managed	86.5	91.0	–	–

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Royal Heritage Life Assurance Ltd - Contd.				
European Smaller	186.4	196.3	-1.3	-
Sth & East Asia Gwth	384.3	393.5	-7.8	-
Inc Growth	330.8	348.0	-1.3	-
Japan Smlr Cos	245.2	258.2	+2.5	-
Man Growth	262.5	276.4	-1.2	-
Gilt	89.1	93.8	—	-
Perpetual Funds				
International Growth	175.2	184.5	-0.6	-
American Growth	225.0	236.9	+0.4	-
Intl Emerging Cos	264.1	278.0	-2.4	-
European	201.9	212.5	-0.9	-
Managed	203.1	213.8	-0.3	-
Royal Life Insurance Ltd				
New Hall Place, Liverpool L69 3HS 051-239 3000				
Royal Shield Fd.	973.7	1030.3	—	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Citibank - Contd.				
NAV (#) Jan 17	$97492.3537		[illegible]	-
Special Assets (#) Dec 1	FFr11691.3190		[illegible]	-
Citibank S.A.				
Ultra 2000 Nov 30	$139.26		+4.91	-
Ultra 2000 Intl Nov 30	$139.26		+4.91	-
Coutts & Co (Jersey) Fund Managers Ltd				
Ashburton Sterling Portfolio Ltd				
Ashburton Sterling Plate Ltd £	14.20	14.79	—	-
Ashburton Sterling Plate Ltd $	$12.93	13.51	—	-
EBC Fund Managers (Jersey) Ltd				
EBC Capital Currency Fund Ltd*				
Income	$14.46	14.914	—	1.28
Capital	$22.78	23.494	—	-
*Offer price includes 3% prelim. charge				
International Income Fund*				
Bond Long Term—US$	$33.08	34.6507	-0.0023	4.69
Bond Long Term—DM	DM95.5	111.1797	+0.0317	1.82
* Offer Price includes 3½% Initial Charge				
Fleming Group				
Robert Fleming Management (Jersey) Ltd				
Cash & Stock NAV Dec 31	$10.08		—	-
Deutschland NAV Dec 31	DM17.00		—	-
Foreign & Colonial Mngmt (Jersey) Ltd				
Foreign & Colonial Reserve Asset Fd Ltd				
US$ Cash	$11.178		-0.001	-
Sterling Cash	£13.327		+0.001	-
US$ Bonds	$17.846		-0.094	-
Multicurrency Bonds	$22.720		-0.104	-
Sterling Bonds	£17.841		-0.043	-
D Mark Bonds	DM12.991		-0.078	-
European Bonds	Ecu14.942		-0.029	-
UK Equities	£14.295		+0.181	-
US Equities	$18.800		+0.042	-
Japanese Equities	Y617.8		-2.7	-
Cont Euro Equities	DM21.299		-0.172	-
UK Negative Equities	£10.378		-0.172	-
US Negative Eq	$9.975		-0.025	-
Japanese Negative Eq	Y672.4		+3.7	-

	Init Chrge	Cncl Price	Bid Price	Offer Price	+ or -	Yield Gr's
CMI Asset Management - Contd.						
Japan Index Tracking	Y-		784		+14	-
UK Eqty Index Tracking	£-		7.290		+0.085	2.05
US Eqty Index Tracking	$-		19.174		-0.045	1.25
German Bond	DM-		23.989		-0.020	5.40
Japanese Bond	Y-		1704		-7	3.50
Swiss Bond	SFr-		22.815		-0.008	3.93
UK Bond	£-		7.037		+0.031	6.23
US Bond	$-		11.592		-0.014	5.74
Stlg Currency Reserve	£-		6.0071d		—	4.91
US Dlr Currency Reserve	$-		10.0212d		+0.003	2.45
Comgest SA						
68 rue de Londres, 75008 Paris 010 331 4470 7510						
Comgest Europe SICAV	SFr-		1237.13		—	-
Commercial Union Luxembourg SA (u)						
41 Ave de la Gare L-1611 010 352 402820281						
Commercial Union Privilege Portfolio						
Equity Funds						
Monthly Income	£-		1.2422	1.3216	—	7.05
Private Client Mgd	£-		1.3935	1.4826	+0.02	-
Far Eastern Gwth	$-		3.0252	3.7188	+0.08	-
American Gwth	$-		2.4357	2.5912	-0.01	-
European Gwth	Ecu-		2.4178	2.5721	—	-
Japanese Gwth	Y-		141	150	+3.00	-
UK Growth	£-		1.3332	1.4183	+0.02	-
Italian Gwth	L-		1714	1823	+3.00	-
Spanish Gwth	Pta-		216	230	+2.00	-
Dutch Gwth	Dfl-		6.7260	7.1574	+0.04	-
Belgian Gwth	BFr-		114	121	-1.00	-
French Gwth	FFr-		11.0886	11.387	—	-
German Growth	DM-		2.6450	2.8081	-0.02	-
Bond	$-		1.6416	1.7464	—	-
Gold Shares	$-		1.3645	1.4518	—	-
Emerging Countries	$-		2.3593	2.5099	—	-
Reserve Funds						
Dollar Reserve Acc	$-		10.7369	[illegible]	—	1.42
Dollar Reserve Dir	$-		4.9046d	[illegible]	—	1.42
Yen Reserve Acc	Y-		1050	1061	—	1.86
Yen Reserve Div	Y-		990xd	1000	—	1.86
D'mark Reserve Acc	DM-		12.5395	[illegible]	—	5.16
D'mark Reserve Div	DM-		9.9145d	[illegible]	—	5.16
Stlg Reserve Acc	£-		1.3887	1.4027	—	4.52
Stlg Reserve Div	£-		0.8817d	1.0817	—	4.52

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Intnl Growth Fd	$17.13	17.98	-0.26	-
Wells Fargo U.S. IT Fund				
Wells Fargo A Shs (z)	$13.58		-0.07	-
Wells Fargo B Shs (z)	$14.00		-0.02	-
Worldwide Limited				
NAV Nov 30	$83.70		—	-
Xiphias International Investment Fd Ltd				
Xiphias Int US$ Acc	$1.4917		—	-
Xiphias Int ECU Acc	Ecu1.5851		—	-
Xiphias Int ECU Dis	Ecu1.3400		—	-
Yamaichi Capital Mngmt (Guernsey) Ltd				
Thai Inv Fund	$19.20		-2.69	-

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. u Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. z Previous day's price. ¶ Guernsey gross. § Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. (d) ex dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Financial Services Department; Luxembourg: Institut Monétaire Luxembourgeois.

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Jan14 / US$) (3 pm)

CANADA (Jan14 / Can. $) (2:45 pm)

EUROPE

AUSTRIA (Jan14 / Sch)

BELGIUM/LUXEMBOURG (Jan14 / Frs)

DENMARK (Jan14 / Kr)

FINLAND (Jan14 / Mkk)

FRANCE (Jan14 / Frs.)

GERMANY (Jan14 / Dm.)

ITALY (Jan14 / Lire)

NETHERLANDS (Jan14 / Fls.)

NORWAY (Jan14 / Kroner)

SPAIN (Jan14 / Pts.)

SWEDEN (Jan14 / Kronor)

SWITZERLAND (Jan14 / Frs.)

AFRICA

SOUTH AFRICA (Jan14 / Rand)

PACIFIC

JAPAN (Jan14 / Yen)

AUSTRALIA (Jan14 / Aus$)

HONG KONG (Jan14 / H.K.$)

MALAYSIA (Jan14 / MYR)

SINGAPORE (Jan14 / S$)

INDICES

	Jan 14	Jan 13	Jan 12	1993/4 High		1993/4 Low	
Argentina							
General (29/12/77)	(u)	20822.6	20576.6	20981.00	4/1/94	12187.88	8/3/93
Australia							
All Ordinaries(1/1/80)	2206.4	2177.5	2195.6	2208.70	11/1/94	1495.60	13/1/93
All Mining(1/1/80)	1047.1	1028.9	1049.3	1075.30	6/1/94	584.70	13/1/93
Austria							
Credit Aktien(30/12/84)	443.09	441.39	447.43	447.43	12/1/94	300.28	14/1/93
Traded Index(2/1/91)	1177.69	1173.9	1192.21	1192.21	12/1/94	712.06	15/1/93
Belgium							
BEL20 (1/1/91)	1471.53	1473.32	1489.91	1498.22	7/1/94	1125.48	4/1/93
Brazil							
Bovespa (29/12/83)	(u)	56165.0	53643.0	97300.00	26/8/93	714.72	4/1/93
Canada							
Metals Minls♦(1975)	(u)	3615.81	3606.57	3698.79	10/1/94	2743.31	21/1/93
Composite♦ (1975)	(u)	4479.90	4454.69	4479.90	13/1/94	3275.80	21/1/93
Portfolio§§ (4/1/83)	(u)	2136.49	2116.06	2136.48	13/1/94	1720.87	21/1/93
Chile							
IPGA Gen (31/12/80)	(u)	4216.5	4259.5	4259.50	12/1/94	2812.58	10/5/93
Denmark							
CopenhagenSE(3/1/83)	393.09	391.70	391.16	393.09	14/1/94	281.90	4/1/93
Finland							
HEX General(28/12/90)	1810.3	1782.5	1760.2	1810.30	14/1/94	843.10	22/1/93
France							
SBF 250 (31/12/90)	1520.82	1515.52	1530.84	1559.03	11/1/94	1114.19	28/1/93
CAC 40(31/12/87)	2262.25	2252.19	2281.80	2331.33	11/1/94	1772.21	29/1/93
Germany							
FAZ Aktien(31/12/58)	817.88	834.68	843.51	865.67	4/1/94	598.92	14/1/93
Commerzbank(1/12/53)	2338.90	2383.20	2413.80	2459.00	4/1/94	1694.30	14/1/93
DAX (30/12/87)†	2141.82	2164.66	2209.16	2267.98	3/1/94	1516.50	13/1/93
Greece							
Athens SE(31/12/80)	1105.73	1088.56	1065.41	1105.73	14/1/94	687.72	5/1/93
Hong Kong							
Hang Seng(31/7/64)	10774.25	10176.51	10712.73	12201.09	4/1/94	5437.80	4/1/93
India							
BSE Sens.(1979)	3938.7	3928.5	3903.7	3938.70	14/1/94	2100.67	23/4/93
Indonesia							
Jakarta Comp (10/8/82)	577.63	572.02	585.22	612.89	5/1/94	273.31	5/1/93
Ireland							
ISEQ Overall(4/1/88)	2024.78	2024.85	2016.15	2024.85	13/1/94	1191.18	11/1/93
Italy							
Banca Comm Ital (1972)	602.88	604.19	605.39	632.86	30/8/93	446.38	8/1/93
MIB General (4/1/94)	956.0	968.0	970.0	1000.00	4/1/94	944.00	10/1/94
Japan							
Nikkei 225 (16/5/49)	18973.70	18577.26	18793.88	21148.11	13/9/93	16078.71	29/11/93
Nikkei 300 (1/10/82)	281.59	277.07	278.86	308.84	10/11/93	248.84	29/11/93
Topix (4/1/68)	1525.62	1503.47	1511.43	1698.67	3/9/93	1250.08	25/1/93
2nd Section (4/1/68)	1999.72	1988.93	1972.44	2384.97	7/6/93	1651.72	26/1/93
Malaysia							
KLSE Comp.(4/4/86)	1134.14	1029.17	1086.22	1314.46	5/1/94	614.28	13/1/93
Mexico							
IPC (Nov 1978)	(u)	2535.58	2585.33	2884.17	6/1/94	1504.18	25/2/93
Netherland							
CBS TtlRtnGen(End 83)	440.5	436.5	438.0	444.10	6/1/94	295.70	4/1/93
CBS All Shr (End 83)	285.5	282.9	283.8	287.80	6/1/94	198.60	13/1/93
New Zealand							
Cap. 40 (1/7/86)	2225.99	2235.97	2247.34	2258.11	11/1/94	1495.37	21/1/93
Norway							
Oslo SE(Ind)(2/1/83)	1129.62	1112.41	1118.13	1129.82	14/1/94	669.93	27/1/93
Philippines							
Manila Comp (2/1/85)	2922.22	2901.15	2978.00	3308.37	4/1/94	1270.88	4/1/93
Portugal							
BTA (1977)	2875.3	2859.0	2862.1	2875.30	14/1/94	1608.20	14/1/93
Singapore							
SES All-S'pore(2/4/75)	604.82	580.5	596.10	641.61	4/1/94	394.10	13/1/93
South Africa							
JSE Gold (28/9/78)	2090.0♥	2060.0	2158.0	2331.00	4/1/94	775.00	5/1/93
JSE Indl. (28/9/78)	5458.0♥	5528.0	5648.0	5780.00	7/1/94	4333.00	19/4/93
South Korea							
KoreaCmpEx(4/1/80)**	879.03	896.65	886.31	898.68	13/1/94	605.93	6/3/93
Spain							
Madrid SE (30/12/85)	336.39	331.26	330.84	338.38	14/1/94	215.80	4/1/93
Sweden							
AffarsvardnGen (1/2/37)	1508.20	1487.50	1462.10	1508.20	14/1/94	879.10	28/1/93
Switzerland							
Swiss Bk Ind (31/12/58)	1333.18	1319.05	1336.18	1352.33	7/1/94	904.80	11/1/93
SBC General (1/4/87)	1031.73	1021.55	1035.36	1045.80	7/1/94	678.70	11/1/93
Taiwan							
WeightedPr.(30/6/66)**	5743.77	5851.40	6215.21	6464.52	6/1/94	3098.43	9/1/93
Thailand							
Bangkok SET (30/4/75)	1516.67	1438.03	1487.76	1753.73	4/1/94	818.84	1/6/93
Turkey							
Istanbul Cmp.(Jan 1986)	28664.2	28883.6	27267.0	28883.60	13/1/94	3955.53	1/1/93
WORLD							
MS Capital Int (1/1/70)§	608.3*	601.4	606.1	611.20	10/1/94	488.80	13/1/93
CROSS-BORDER							
Eurotrack 100(26/10/90)	1466.32	1458.82	1475.08	1493.81	11/1/94	1063.02	13/1/93
Euro Top-100 (26/6/90)	1245.45	1235.63	1245.04	1258.94	11/1/94	862.73	13/1/93
JCapelDrgns (31/12/88)	(u)	330.69	334.57	385.19	5/1/94	188.92	4/1/93
Barings Emerg.(7/1/92)	169.62	166.67	166.11	172.25	6/1/94	99.81	4/2/93

** Sat Jan 8 : Taiwan Weighted Price 6375.15; Korea Comp Ex 830.01. Base values of all indices are 100 except Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7, JSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. † IBIS/DAX after-hours index. Jan 14 - 2151.05 +8.68. [illegible]

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol	Open int.
Jan	2275.0	2275.0	+0.16	2292.0	2254.5	19,795	38,148
Feb	2287.5	2287.5	+0.16	2302.0	2272.0	17796	2,769
Mar	2299.5	2299.5	+0.16	2313.0	2279.0	96523	33,427
Jun	2291.5	2295.0	+0.16	2291.5	2291.5	100	2,186

Open interest figures for previous day.

US INDICES

Dow Jones	Jan 13	Jan 12	Jan 11	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Industrials	3842.43	3848.63	3850.31	3865.51 (10/1/94)	3241.95 (20/1/93)	3865.51 (10/1/94)	41.22 (2/7/32)
Home Bonds	105.33	105.58	105.58	111.28 (10/12/93)	103.49 (11/1/93)	111.29 (10/12/93)	54.99 (1/10/81)
Transport	1824.08	1821.51	1812.29	1824.08 (13/1/94)	1453.84 (4/1/93)	1824.08 (13/1/94)	12.32 (8/7/32)
Utilities	220.87	222.58	222.19	256.46 (31/8/93)	217.14 (8/1/93)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3864.87 (3876.49) Low 3808.38 (3809.79) (Theoretical♦)
Day's high 3848.06 (3858.19) Low 3829.21 (3825.27) (Actual♦)

Standard and Poors	Jan 13	Jan 12	Jan 11	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Composite ‡	472.47	474.17	474.13	475.27 (10/1/94)	429.05 (8/1/93)	475.27 (10/1/94)	4.40 (1/6/32)
Industrials	550.01	551.94	552.12	553.49 (10/1/94)	496.48 (26/4/93)	553.49 (10/1/94)	3.62 (21/6/32)
Financial	44.95	44.94	44.88	48.40 (28/9/93)	39.89 (8/1/93)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	261.73	262.37	262.26	262.78 (10/1/94)	236.21 (8/1/93)	262.78 (10/1/94)	4.46 (25/4/42)
Amex Mkt Val	480.06	479.87	479.37	484.28 (2/11/93)	395.84 (8/1/93)	484.28 (2/11/93)	29.31 (9/12/72)
NASDAQ Cmp	787.81	786.87	785.52	787.81 (13/1/94)	645.87 (26/4/93)	787.81 (13/1/94)	54.87 (31/10/72)

■ RATIOS

	Jan 7	Dec 31	Dec 17	Year ago
Dow Jones Ind. Div. Yield	2.65	2.68	2.67	3.19
	Jan 12	Jan 5	Dec 29	Year ago
S & P Ind. Div. yield	2.35	2.38	2.38	2.58
S & P Ind. P/E ratio	28.07	27.72	27.21	26.85

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	473.60	474.95	+1.35	475.15	475.15	47,604	180,435
Jun	475.10	475.90	+1.30	476.10	476.10	362	4,402
Sep	-	477.50	-	477.50	477.50	32	818

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Change on day
Citicorp	5,624,500	40⅝	+2⅛
Merry Go Rd	3,271,500	2½	+¼
RJR Nabisco	3,030,700	6⅝	---
Honeywell	2,538,400	33	-⅛
CML Group	2,487,500	19⅞	+1⅜
Chrysler	2,303,600	60⅛	+1⅝
Telefonos	2,194,600	60⅞	-⅞
Am Express	2,176,800	31⅞	+⅞
Wal-Mart	2,100,600	25½	---
Gen Motors	2,098,100	60⅞	+1

■ TRADING ACTIVITY

● Volume (million)	Jan 13	Jan 12	Jan 11
New York SE	227.886	309.893	296.024
Amex	16.407	16.142	18.797
NASDAQ	(u)	322.536	321.930
NYSE			
Issues Traded	2,727	2,734	2,740
Rises	937	1,130	995
Falls	1,133	941	1,144
Unchanged	657	663	601
New Highs	80	103	121
New Lows	17	15	12

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

WORLD STOCK MARKETS

AMERICA

US markets move back to record levels

Wall Street

The US stock market bounced back from three losing sessions yesterday morning as share prices, buoyed by heavy program trading, moved back into record territory, *writes Patrick Harverson in New York.*

By 1 pm, the Dow Jones Industrial Average was up 25.05 at 3,867.48, past its previous record close of 3,865.51, set on Monday. The more broadly-based Standard & Poor's 500 was also firmer at the halfway stage, up 2.34 at 474.81, while the Amex composite was up 0.89 at 480.95 and the Nasdaq composite 4.15 higher at 791.96, also a new high. Trading volume on the NYSE was 178m shares by 1 pm, and rises outpaced declines by 1,141 to 780.

Three days of modest declines on profit-taking has done nothing to dampen investors' enthusiasm for equities. The market bounced back strongly yesterday from the losses of earlier in the week, and within 90 minutes of the opening the Dow was back above Monday's record close.

Market sentiment was aided by good economic news, in the form of a 0.7 per cent increase in December industrial output, which was bigger than analysts had expected. The production figures, coming on the heels of good news on inflation and retail sales, bolstered optimism about the outlook for the economy in 1994, and prompted fresh buying of equities during the morning.

Banks remained in demand in anticipation of a strong fourth quarter from the industry. Citicorp rose another $1 to $41⅞, J.P. Morgan climbed $1 to $71⅝, BankAmerica firmed $⅝ to $48⅞ and Chase Manhattan put on $¼ at $35⅝.

Kaufman & Broad fell $3 to $21¼ in early trading after the home construction company reported disappointing fourth quarter earnings. The stock later recovered, however, and by early afternoon was down only $¾ at $22⅞.

Among Dow stocks that were higher in the wake of buy programs were Walt Disney, up $1¼ to $ 47¼, General Electric, up $1 at $106¼ and American Express, up $⅝ at $32.

On the Nasdaq market, Ask Group fell $2⅛ to $10 after the computer company announced job cuts and reported a fiscal second quarter loss.

The Caracas stock exchange was weaker at midsession in reaction to the suspension of Banco Latino. The Merinvest composite index was down 3.6 per cent to 100.1 at midsession with Electricidad de Caracas down some 6 per cent.

Canada

Toronto was hurt by a 3 per cent slide in the merchandising sector after news that Wal-Mart was moving into Canada. The TSE 300 index edged up 4.22 to 4,484.12 at noon in heavy volume of 49.2m.

ASIA PACIFIC

Nikkei adds 2.1% on overseas buyer support

Tokyo

Share prices jumped as foreign buying encouraged purchases by domestic individuals and short covering in the futures market, and the Nikkei index rose 2.1 per cent, *writes Emiko Terazono in Tokyo.*

The 225-issue index gained 396.44 to 18,973.70, up 4.7 per cent on the week. The Topix index of all first-section stocks shot up 22.15 to 1,525.62 and, in London, the ISE/Nikkei 50 Index rose 2.09 to 1,261.27.

The Nikkei index fell to a low of 18,473.55 during the first few minutes of trading on profit-taking by domestic investors. However, overseas investors supported share prices in the afternoon, prompting buying by other participants, peaking at 19,043.80, rising above the 19,000 level for the first time in two months.

The settlement for January Nikkei options did not have a significant effect on share prices. The market's strength caused corporate investors to delay its profit taking.

Volume was 450m shares against 422m. Winners led losers by 828 to 219, with 133 issues unchanged.

Hopes of deregulation helped gas utilities: Tokyo Gas, the most active issue of the day, rose Y30 to Y550 while Osaka Gas gained Y26 to Y520.

Anritsu, an electronic equipment maker, plunged Y121 to Y989 on reports of the company's alleged illegal exports of missile related equipment to North Korea.

Foreign buying supported Fanuc, which rose Y70 to Y4,050. Other high-technical shares were also stronger with Sony up Y20 to Y5,900 and Matsushita Electric Industrial up Y20 to Y1,580.

In Osaka, the OSE average rose 203.45 to 20,787.11 in volume of 36m shares. The index rose for the 12th consecutive day on buying of fibre and pharmaceutical stocks.

How the Asian markets have performed

	Day's move (%)	Week's move (%)	Year's move (%)
Kuala Lumpur	+9.25	-5.90	-11.84
Hong Kong	+5.87	-2.07	-9.37
Bangkok	+5.47	-3.73	-9.87
Singapore	+4.19	-3.76	-3.79
Tokyo	+2.13	+4.69	+8.94
Manila	+0.73	-7.51	-8.57
Taiwan	-1.84	-7.37	-5.38
Seoul	-2.18	-1.81	+1.02

Roundup

Pacific Rim markets ended their week-long roller-coaster ride with sharp rebounds, although the rises were not enough to overcome losses suffered in the volatile trade of the previous three sessions.

KUALA LUMPUR surged after reassuring comments from the prime minister that the 14.7 per cent plunge of the previous three days was only a temporary phenomenon. The composite index rose 104.97 to 1,134.14.

Institutional and retail investors swamped back into the market from the outset after as they judged that recent falls had left the market once again looking attractively priced.

HONG KONG picked up after its losing streak as local and overseas investors resumed buying, and the Hang Seng index added 597.74 to 10,774.25. However, turnover fell to a provisional HK$8.86bn from Thursday's HK$9.25bn.

The improved tone was attributed to the failure of tighter mortgage lending to materialise, in spite of widespread rumours, and optimism about the outcome of Sino-US trade talks over the weekend.

Property and banking issues, which were hit hard during the recent sell-off, led the market back up. HSBC Holdings topped the active list and surged HK$4 to HK$107 and its Hang Seng Bank unit climbed HK$3 to HK$71.50.

SINGAPORE saw bargain-hunting pushed prices higher across the board and the Straits Times Industrials index closed 108.00 ahead at 2,302.86.

The rebound was attributed to the "overkill" of previous days and reassuring comments from the Malaysian prime minister on the outlook for Malaysian companies.

TAIWAN fell further as both the financial and shipping sectors saw heavy selling. The weighted index lost 107.63 at 5,743.77, up from a day's low of 5,649. Turnover eased to T$86.8bn from Thursday's T$104.5bn.

BANGKOK showed a strong rise following Wednesday's 3 per cent fall but turnover remaned thin at Bt16.4bn reflecting investor caution. The SET index put on 78.64 to 1,516.67. Textile shares led the risers, with the sector advancing some 7 per cent.

SEOUL reacted negatively to news that the government planned to introduce measures aimed at putting a brake on the market's recent advance. Included was a requirement for intitutions to deposit 20 per cent of the total cost when placing buy orders. The composite index fell 19.63 to 879.03.

AUSTRALIA rose above the 2,200 level on strong performances among blue chips, with All Ordinaries index rising by 28.9 to 2,206.4. Turnover was A$821m. Media stocks were in the forefront of investors' minds, the index adding 4.1 per cent and News Corp gaining 51 cents to A$9.76.

BOMBAY closed slightly higher after lower prices triggered renewed buying. The BSE 30-share index closed up 10.15 at 3,938.74.

Nordic exchanges have a hard act to follow

Christopher Brown-Humes on prospects for 1994

The Nordic stock exchanges had an exceptionally good year last year – so much so that the performance will be virtually impossible to repeat in 1994.

Finland, Sweden and Norway were western Europe's top performing bourses in local currency terms, and, even the region's worst performer, Denmark, managed a near 40 per cent gain. Finland, with a 91 per cent rise in the HEX index to 1,582, came out of best of all. Norway had its best year since 1983, after its main index spurted 65 per cent to 613, and the Swedish Affärsvärlden index rose 54 per cent.

The region-wide rally was supported by many common factors. Interest rates fell to levels not seen for at least a decade and clear signs of economic recovery emerged. Many of the big export-orientated companies, which are particularly dominant on the Swedish and Finnish bourses, started to show the benefits of corporate restructuring. And earnings were helped by a surge in exports, which has accompanied the weakening of the Finnish and Swedish currencies. Lastly, it was apparent that the worst of the region's banking crisis was over.

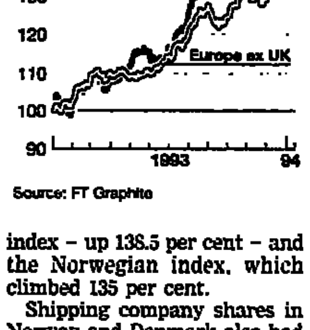
The scale of buying was accentuated by the downturn that had preceded it. One reflection of the pent-up state of demand was a massive growth in turnover. Average daily volumes in Stockholm surged to SKr1.4bn ($171m) and SKr1.7bn respectively in November and December from SKr820m and SKr670m in 1992, while in Finland average turnover was FM186.6m ($14.82m) a day, more than four-times the previous year's figure.

Volumes and price rises were helped by a surge in foreign buying. Foreigners were primarily attracted by the valuation argument, but in the case of Sweden and Finland momentum was assisted by the relaxation of restrictions on foreign share ownership.

In Sweden foreigners were net buyers of SKr29.0bn worth of shares in the 11 months to November, compared with SKr11.3bn in the same 1992 period. In Denmark foreigners bought a net DKr6bn ($890m) of equities during 1993, compared with just DKr0.3bn a year earlier.

There should be little surprise that best-performing sector across the region was banks, as 1993 was the year that the Nordic financial crisis abated. Banks that at the start of the year looked set to collapse without government support were by the year-end standing strongly again on their own two feet. The Swedish banking index led the way with a 250 per cent increase in 1993, followed by the Finnish index – up 138.5 per cent – and the Norwegian index, which climbed 135 per cent.

Scandinavia



Source: FT Graphite

Shipping company shares in Norway and Denmark also had a good year, even though the state of the tanker market was hardly encouraging. The Oslo shipping index advanced 82 per cent, while shipping stocks climbed 57 per cent in Denmark.

This year has begun well, with a new weight of money piling into the Nordic markets during the opening days of the new year. This is partly traditional, partly a reflection of special factors, such as the change to corporate taxation rules in Sweden. It is clear that domestic money is supporting the continuing rally to a greater extent than in the recent past.

But can the upturn be sustained? Most commentators believe the mood of optimism is likely to hold for at least the first half of the year, as Nordic countries bring down their interest rates further in response to the downward trend throughout Europe. The Bank of Finland yesterday decided to cut its base rate to 5.25 per cent from 5.5 per cent from February 1 amid growing optimism that the country would achieve positive economic growth for the first time since 1990 this year.

"It's difficult to see any of the Nordic markets declining in 1994," says Mr Klas Andersson, Scandinavian equity analyst with Goldman Sachs in London, "However, the pace will slow down, because most of the interest rate cuts have already occurred, particularly on the long side." Goldman Sachs expects all four markets to outperform the European average.

There are plenty of uncertainties, particularly how the German economy performs and the likely impact of a strengthening recovery in the US. If US interest rates go up, some of the money invested in foreign markets is almost certainly going to be pulled back. Any significant share disposals by foreign investors will have a much greater impact now that foreign ownership levels are higher.

Prospects for the Norwegian market will, as ever, hinge on the development of the oil price, while market participants in Finland will be keeping a nervous eye on political developments in Russia.

In fact, political factors will be a significant influence on all the Nordics in 1994. Elections will take place in Sweden and Denmark in the second half of the year, and Sweden, Finland and Norway are likely to hold referenda this year on their bid to join the European Union. The markets may well be upset if the generally negative sentiment towards membership becomes a firm No at the polls.

EUROPE

Uneven end to the week's trading

The week ended unevenly, *writes Our Markets Staff.*

FRANKFURT continued to fall back as investors remained nervous following concern over Metallgesellschaft and Siemens. The DAX index lost 22.84 to 2,141.82, for a loss of 3.2 per cent over the week. Turnover was DM13bn. In the post bourse the *Ibis* indicated index gained to 2,151.

Metallgesellschaft was requoted after its suspension on Thursday with the shares finishing at DM214.00. The company is expected to make a statement on progress over its rescue plan today.

Siemens fell a further DM4.50 to DM721.50 as selling continued after its disappointing earnings forecasts during the week.

Thyssen closed off DM1.50 at DM254.50 with some reports suggesting that it was to announce further job cuts this year. The company has previously said that it will lose 12,000 jobs by the end of September 1994.

AMSTERDAM pulled itself forward helped by a stronger dollar, leaving the AEX index up 4.97 at 420.62, but slightly lower on the week's trading.

Philips strengthened by some 3 per cent, the shares gaining Fl 1.40 to Fl 43.60, on overnight news that it would be a supplier to an interactive television network operated by Bell of the US.

VNU dipped Fl 1.80 to Fl 177.20 after announcing that it planned to issue 3m new shares in the first quarter of 1994.

Ahold added Fl 2.10 to Fl 50.50 helped by news that it was to purchase 11 stores that it had been renting in the Czech Republic.

PARIS managed to recoup some of the week's losses as the CAC-40 index added 10.06 to 2,262.25. Over the week the market has slipped by nearly 2 per cent. Michelin came back into favour among some buyers, the stock ending FFr6.70 up at FFr240.00, as the tyre group said that it was increasing the price of its products in the US by 3 per cent.

ZURICH picked up after an uncertain start to bounce higher after the consolidation of the previous four sessions. The SMI index added 40.7 or 1.4 per cent to 2,990.9, but this was 1.7 per cent down on the week. The day's more positive trend was helped by the firmer dollar and strength in London and Wall Street. Winterthur bearers rose SFr14 or 1.7 per cent to SFr820, as it said it would announce an expansion of the group on Monday.

Registered shares in SMH, the watchmaker, rose SFr15 to SFr950 after recent weakness in the wake of comments by chief executive, Mr Nicolas Hayek that 1993 sales were slightly higher than in 1992 and profits would rise slightly. Analysts said SMH's statement was within expectations and confirmed their recent downward revision of forecasts.

MILAN finished steady after a session dominated by technical trading on the last day of the monthly account. The Comit index edged 1.33 lower to 602.86 as the market still awaited news from President Oscar Luigi Scalfaro on the date of the general election. The market had risen 1 per cent over the week.

Montedison slid L36.60 to L909 in huge volume of 129m shares as the company allowed investors who subscribed to the first tranch of its rights issue to trade the new ordinary shares, instead of waiting until Monday as had originally been intended.

Mr William Cowan of James Capel, who upgraded the stock to a buy, commented that the problems that had surrounded the group looked at last as if they had found a solution, adding: "We have become more confident that Montedison will be in a position to return to profitability earlier than the market had been expecting."

BCI fell L84 to L4,776 after IRI, the holding company announced details of its privatisation, to run from February 28 to March 4.

STOCKHOLM was lifted by active interest in Volvo, which saw the B shares put on SKr30 to SKr627, a new record, after report's that France may end the relationship between the Swedish group and Renault.

The Affärsvärlden general index rose 20.7 or 1.4 per cent to 1,508.2 as turnover improved to SKr3.2bn from SKr2.6bn.

ATHENS continued its bull run, posting a second three-year high in as many days and a record for turnover. The general index finished up 17.17 or 1.6 per cent at 1,105.73.

Written and edited by John Pitt and Michael Morgan

SOUTH AFRICA

Gold shares pulled back from an earlier slide in New York as bullion rose above $390 an ounce. The gold index added 31 to 2,091, industrials fell 71 to 5,457 and the overall index rose 27 to 4,861. Anglos recouped 6.1 per cent to R208.

FT-SE Actuaries Share Indices

Jan 14 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1452.61	1457.12	1462.91	1467.61	1465.05	1465.70	1465.69	1466.32
FT-SE Eurotrack 200	1530.98	1535.74	1541.67	1546.50	1545.81	1545.62	1543.50	1543.91

	Jan. 13	Jan. 12	Jan. 11	Jan. 10	Jan. 7
FT-SE Eurotrack 100	1458.82	1475.08	1493.81	1483.27	1485.12
FT-SE Eurotrack 200	1534.54	1547.81	1565.49	1561.06	1559.88

Base value 1000 (26/10/90); Highday: 100 - 1467.84; 200 - 1547.50 Lowday: 100 - 1452.61 200 - 1530.78.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY JANUARY 13 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY JANUARY 12 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993/94 High	1993/94 Low	Year ago (approx)
Australia (69)	169.66	-0.7	168.14	120.29	154.54	163.14	-0.9	3.15	170.84	168.71	121.40	154.25	164.68	172.36	117.39	118.04
Austria (17)	186.42	-2.3	184.75	132.18	169.80	169.45	-1.4	0.94	190.78	188.41	135.57	172.25	171.83	190.78	131.16	132.37
Belgium (42)	161.04	-2.1	159.59	114.17	146.68	144.99	-1.4	3.97	164.57	162.52	116.94	148.58	146.98	166.01	131.19	135.28
Canada (107)	141.07	+0.1	139.81	100.02	128.49	135.04	+0.5	2.49	140.88	139.14	100.11	127.20	134.39	141.23	111.41	113.31
Denmark (32)	262.14	-0.3	259.79	185.86	238.77	241.86	+0.4	0.94	262.91	259.63	186.83	237.37	240.81	262.91	185.11	188.41
Finland (22)	138.70	+0.5	137.45	98.34	126.33	166.73	+0.6	0.62	138.05	136.33	98.10	124.64	165.72	138.70	65.50	70.43
France (99)	175.36	-1.9	173.78	124.32	159.71	163.47	-1.2	2.85	178.67	176.44	126.95	161.30	165.49	182.15	142.72	145.31
Germany (59)	133.19	-2.9	132.00	94.45	121.32	121.32	-2.0	1.72	137.15	135.44	97.47	123.83	123.83	142.38	101.59	102.90
Hong Kong (56)	416.78	-5.5	413.05	295.50	379.65	413.38	-5.5	2.65	441.00	435.50	313.36	398.17	437.46	506.56	218.82	236.11
Ireland (14)	200.30	-0.8	198.50	142.01	182.44	197.60	+0.0	2.87	201.98	199.46	143.52	182.35	197.69	202.60	129.28	140.07
Italy (69)	66.95	-0.3	66.35	47.47	60.98	85.08	+0.2	1.93	67.17	66.33	47.72	60.64	84.90	78.93	53.76	57.12
Japan (469)	134.47	-0.4	133.26	95.34	122.50	95.34	-0.7	0.86	135.06	133.37	95.97	121.95	95.97	165.91	100.75	101.07
Malaysia (69)	465.86	-5.3	461.68	330.28	424.32	469.99	-5.4	1.46	492.14	486.00	349.69	444.32	517.91	621.63	251.66	255.37
Mexico (18)	2360.63	+0.8	2339.47	1673.72	2150.20	8019.13	+0.7	0.63	2342.89	2313.69	1664.84	2115.29	7965.27	2457.89	1410.30	1652.26
Netherland (26)	197.57	-1.2	195.80	140.15	180.05	176.86	-0.4	3.00	200.09	197.60	142.18	180.66	177.56	203.59	150.39	152.09
New Zealand (14)	69.12	-0.9	68.50	49.01	62.96	65.91	-0.6	3.55	69.78	68.91	49.59	63.00	66.32	70.27	40.56	41.19
Norway (23)	187.26	-1.5	185.59	132.78	170.58	191.83	-0.8	1.33	190.07	187.70	135.06	171.61	193.32	191.41	137.71	143.60
Singapore (45)	325.26	-2.4	322.35	230.62	296.27	241.22	-2.1	1.71	333.20	329.04	236.77	300.82	246.49	378.92	207.04	209.43
South Africa (60)	263.24	-3.5	260.86	186.63	239.78	248.70	-2.8	2.28	272.82	269.42	193.86	246.31	255.81	280.26	144.72	157.95
Spain (42)	140.76	-0.4	139.50	99.81	128.21	153.86	+0.0	3.89	141.32	139.56	100.43	127.59	153.94	145.24	115.23	122.05
Sweden (36)	208.07	+0.3	206.20	147.53	189.53	253.24	+0.4	1.38	207.47	204.89	147.43	187.32	251.11	211.43	149.70	161.81
Switzerland (46)	151.17	-2.2	158.72	114.25	146.82	147.71	-1.5	1.45	154.74	162.69	117.07	148.76	150.03	166.68	109.91	112.56
United Kingdom (215)	206.31	-0.8	205.04	145.55	186.99	203.48	-0.4	3.53	208.49	205.40	148.72	189.41	203.91	209.55	162.00	170.59
USA (519)	192.21	-0.4	190.48	136.28	178.08	192.21	-0.4	2.71	192.87	190.46	137.06	174.14	192.87	192.73	172.25	175.38
Europe (744)	168.94	-1.3	167.42	119.78	153.88	164.04	-0.7	2.77	171.08	168.94	121.57	154.45	165.22	172.86	133.92	135.44
Nordic (113)	202.20	+0.1	200.39	143.35	184.18	213.03	+0.4	1.17	202.09	199.57	143.81	182.46	212.21	202.20	142.13	147.16
Pacific Basin (722)	145.89	-1.0	144.58	103.44	132.88	108.74	-1.2	1.15	147.37	145.53	104.72	133.06	108.04	165.89	105.89	106.11
Euro-Pacific (1466)	155.33	-1.1	153.94	110.12	141.47	128.72	-1.0	1.94	157.09	155.12	111.61	141.81	129.99	162.86	117.76	118.98
North America (625)	189.01	-0.3	187.31	134.02	172.19	188.25	-0.4	2.71	189.61	187.25	134.75	171.22	188.89	189.09	171.51	174.18
Europe Ex. UK (529)	146.40	-1.7	145.09	103.82	133.38	140.94	-1.0	2.27	148.92	147.06	105.84	134.48	142.40	150.12	112.51	114.40
Pacific Ex. Japan (253)	256.49	-3.7	259.20	181.18	232.74	237.13	-3.7	2.56	266.25	261.94	188.51	239.50	246.30	276.35	152.70	155.53
World Ex. US (1651)	157.65	-1.1	156.23	111.78	143.60	132.12	-0.8	1.89	159.40	157.41	113.28	143.92	133.34	163.98	118.51	119.24
World Ex. UK (1954)	164.63	-0.8	163.16	116.73	149.97	145.80	-0.8	1.99	165.89	163.81	117.90	149.82	146.94	168.66	134.22	135.10
World Ex. So. Af. (2109)	167.59	-0.8	166.08	118.84	152.67	149.99	-0.7	2.20	168.91	166.81	120.04	152.51	151.04	170.46	137.29	138.15
World Ex. Japan (1700)	187.47	-0.8	185.76	132.93	170.79	184.02	-0.7	2.69	189.27	186.91	134.52	170.91	185.39	191.27	157.57	159.82
The World Index (2169)	168.17	-0.8	166.66	119.24	153.19	150.78	-0.7	2.20	169.55	167.44	120.49	153.09	151.87	170.76	137.32	138.18

Latest prices were unavailable for this edition.

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied-Lyons	600	52	67½	74½	1½	10½	22
(*648)	650	11½	35	43½	13	29	44½
Argyll	300	8	22	28½	7½	17	27
(*300)	330	1½	8½	15½	32	37½	45½
ASDA	60	4	8	11	1½	5	6½
(*63½)	70	1	4	6½	8½	11	13
Brit Airways	460	30	46	56	2½	14½	24
(*486)	500	6½	23	35½	19	32½	44
SmKl Bchm A	420	12½	30½	43½	9	25½	34½
(*422)	460	1½	14½	27½	39½	50½	59
Boots	550	22	38½	50½	4	17	28
(*566)	600	1½	17½	28	35½	45	55½
BP	360	13	25	33	4½	15½	30½
(*367)	390	2	11½	19	24½	33	37½
British Steel	120	5½	11½	16½	2½	7½	11½
(*123)	130	1½	6½	11	8½	13	16
Bass	550	29	49½	59	3	16	26
(*573)	600	4½	24	34	30½	42	52
Cable & Wire (*507); Courtaulds (*510); Comm Union (*662); ICI (*774); Kingfisher (*730); Land Secur (*745); Marks & S (*451); NatWest (*591); Sainsbury (*477); Shell Trans (*719); Storehouse (*237); Trafalgar (*97); Unilever (*1165); Zeneca (*838)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Hanson	260	17	20½	24	3	8	11½
(*272)	280	5½	11	14	12	18	22
Lasmo	120	9½	16½	22	8½	14	18½
(*121)	130	6	12	17	15½	20½	24½
Lucas Inds	200	16	22	27½	5½	11½	15
(*208)	220	5½	12	18	16½	23	26½
P & O	600	44	55	68	9	23	29½
(*629)	650	15½	28½	43	33	49½	55½
Pilkington	180	13	19	24	5½	11	14½
(*186)	200	4	8½	15	17½	22½	26
Prudential	360	16½	23	29	8	18	22½
(*366)	390	4	9½	16	27	38	41
RTZ (*812); Redland (*598); Royal Insce (*325); Tesco; Vodafone; Grand Met (*430); Ladbroke (*207); Utd Biscuits (*379); Fisons (*142); Brit Aero (*423); BAT Inds (*526); BTR (*359); Brit Telecom (*459); Cadbury Sch (*528); Eastern Elec; Guinness; GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TRADITIONAL OPTIONS

First Dealings	Jan. 10	Last Declarations	April 7
Last Dealings	Jan. 21	For settlement	April 18

Calls: Arcon Intl., Brent Walker Prt., Butte Mng., Christie Grp., Coal Inv., Dewhirst, LIT Hldgs., Pizza Express, Pressac, Ricardo, Sleepy Kids, TR Technology, Tullow Oil, Vodafone, WPP, Wiltshaw. Puts: Land Securities, Navan Res., Pizza Express, Wiltshaw. Puts & Calls: Osmon St., Fisons, Hanson Wts., Ladbrokes.

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	7	61	10	42	275	73
Other Fixed Interest	0	3	12	20	7	48
Mineral Extraction	96	37	75	299	314	428
General Manufactures	257	72	357	1,023	655	1,739
Consumer Goods	53	29	102	277	227	466
Services	191	68	268	792	496	1,344
Utilities	14	24	8	72	111	47
Financials	160	64	169	573	454	941
Investment Trusts	172	38	254	553	674	1,100
Others	50	37	35	244	214	182
Totals	1,010	433	1,288	3,895	3,427	6,368

Data based on those companies listed on the London Share Service.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1993/94 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
100	F.P.	53.3	102	100	Aberforth Sp C	100½		-	-	-	-
100	F.P.	28.6	102	92	Abtrust LLoyds	95½		-	-	-	-
100	F.P.	94.6	110	96	CLM Insco	110		-	-	-	-
§155	F.P.	283.2	185	178	Chelsfield	181	+2	MN2.4	-	1.7	-
260	F.P.	333.8	320	268	DFS Furniture	320	+1	L6.4	2.1	2.5	-
100	F.P.	63.7	100	98	Fairbairn Eur Sm	98		-	-	-	-
-	F.P.	33.3	112	101½	Finsbury Under'wrt	111		-	-	-	-
100	F.P.	45.8	119	100	For & Col Small C	114½		-	-	-	-
60	P.P.	18.0	60	59	Friends Prov Eth	60		-	-	-	-
120	P.P.	36.3	123	121	Do. Units	121		-	-	-	-
60	P.P.	18.4	63	61	Do. Zero Div Pf	61½	-½	-	-	-	-
168	F.P.	407.0	208	166	Gartmore	202	+3	W4.0	2.0	2.5	25.0
-	F.P.	0.83	5	3	†Harmony Wrrts.	4½		-	-	-	-
190	F.P.	63.6	241	191	Litho Suppls.	241	+1	R6.5	2.0	3.4	18.6
100	F.P.	43.5	110	94½	Masthead Insce.	108		-	-	-	-
-	F.P.	3.35	65	42	NM Smlr Aust Wrts	65	+4	-	-	-	-
100	F.P.	16.4	107	100	Pilot Inv C	107		-	-	-	-
§40	F.P.	-	46	44	Rackwood	44		-	-	-	-
§10	F.P.	2.04	11½	10¼	Rosemont	11		-	-	-	-
60	F.P.	10.6	70	60	†Securitised En.	70	+2	RN3.5	1.0	6.2	12.4

† Introduction. § Placing price. F.P. Fully-paid security. For an explanation of other notes, please refer to the Guide to the London Share Service.

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renun. date	1993/94 High	Low	Stock	Closing price £	+or-
-	F.P.	-	95	90	Budgens 5pc Cv 2003	94	
-	F.P.	-	110¼p	99¼p	Sun Alliance 7⅜pc Pf	107¼p	-½
100p	Nil	-	40ppm	32¾pm	Trafalger Hse. Cv.Red.Pf	32¾ppm	
-	F.P.	-	127¾	107	Witan 6¼pc Bds	127¾	+1¾

pm Price at a premium. p Pence.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun date	1993/94 High	Low	Stock	Closing price p	+or-
48	Nil	17/2	16pm	8pm	Anglo Irish	15pm	-1
325	Nil	17/1	105pm	83pm	Bemrose	105pm	
73	Nil	31/1	15pm	11pm	Cementone	15pm	
5	Nil	21/2	9½pm	5pm	Europe Energy	6pm	-½
68	Nil	24/2	7pm	4pm	Halkin	4pm	-1
25	Nil	8/2	8pm	6pm	Sheldon Jones	8pm	

pm Price at a premium.

FINANCIAL TIMES EQUITY INDICES

	Jan 14	Jan 13	Jan 12	Jan 11	Jan 10	Yr ago	*High	*Low
Ordinary share	2612.1	2577.4	2574.2	2604.8	2614.9	2138.6	2617.4	2124.7
Ord. div. yield	3.58	3.62	3.63	3.57	3.56	4.39	4.52	3.56
Earn. yld. % full	4.05	4.10	4.11	4.05	4.03	6.03	6.38	4.03
P/E ratio net	31.18	30.77	30.72	31.18	31.27	21.16	31.27	19.40
P/E ratio nil	28.90	28.52	28.48	28.91	28.99	19.55	28.99	18.14
Gold Mines	245.7	242.9	260.8	256.1	259.4	62.2	277.9	60.0

*For 1993/94. Ordinary share index since compilation: high 2617.4 07/01/94; low 49.4 26/6/40
Predecessor Gold Mines index since compilation high. 734.7 15/2/83 - low 43.5 26/10/71
Ordinary share base date 1/7/35, Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2587.2	2590.6	2590.3	2595.4	2595.4	2610.0	2610.4	2606.0	2609.0	2612.6	2587.0

	Jan 14	Jan 13	Jan 12	Jan 11	Jan 10	Yr ago
SEAQ bargains	43,321	36,899	35,087	37,838	45,771	31,846
Equity turnover (£m)†	-	1940.7	1797.7	2062.5	1754.2	1192.8
Equity bargains†	-	43,403	42,327	45,557	51,847	36,305
Shares traded (ml)†	-	803.4	710.4	818.4	786.3	593.2

† Excluding intra-market business and overseas turnover.

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	□	£24⅛	-⅛	£25¼	£18¼	6,698	4.3	12.8
ANZ A$	□	231¼	+8¼	231¼	130	3,033	3.9	ф
Abbey National	†□	620	+13	624	345	8,817	2.8	20.1
Allied Irish I£	♣†a□	306	-1	314	179	2,014	3.4	15.6
Anglo Irish I£	M□	68xd	-1	*69	39	195.5	6.2	ф
Asahi Y	□	683	+34¾	844	415	15,280	0.7	-
Banco Bil Viz Pta	□	£14⅞	+⅛	£17⅞	£13⅛	3,485	5.6	6.6
Banco Sant Pta		£29½	—	£36	£24¼	3,326	4.4	11.4
Bank Leumi (UK)		375	—	375	325	29.6	5.7	-
Bk Ireland I£	♣u□	311	-1	*319	177	1,469	4.0	22.9
Bank Scotland	♣†□	221	—	240½	116½	2,686	2.6	30.0
9¼pc Pf		138½	-¼	140¼	117¼	138.8	8.5	-
9¾pc Pf		143¼	-¼	147¼	123½	143.8	8.5	-
Barclays	‡M□	608	+6	652	362	9,732	2.6	-
Dai Ichi Kan Y	□	£10⅜	+⅜	£16⅝	£8⅝	34,224	0.5	60.6
Deutsche DM	□	£321¼	+5	£348¾	£250½	15,308	1.9	-
Espirito Santo		£24¼	+⅛	£24⅛	£16½	269.9	3.3	5.8
First Nat Fin	□	75	+2½	*85	45	122.6	2.5	ф
6.3pc Cv Pf		87½xd	+½	*91	55	5.88	9.0	-
7pc Cv Pf		142xd	+4	167½	108	97.4	6.2	-
Fuji Bank Y	□	1285¼	+52¼	1651	876	34,898	0.4	-
HSBC HK	†□	928	+31	1007	474	15,806	2.7	22.2
HSBC (75p Shs)	†□	911	+29	987	490	7,479	2.7	21.8
Lloyds	†□	623	-4	690	432	7,999	3.8	17.8
Mitsubishi Y	□	£16⅜	+⅜	£19¾	£11⅛	48,331	0.3	-
Mits Tst & Bk Y	□	798¼	+21½	1012½	462½	9,849	0.7	12.1
Mitsui Tst & Bk Y	□	681¾	+16	862	374	6,971	0.9	19.8
Nat Aust A$	□	571½	+3	576¼	322	7,509	4.0	ф
NatWest	†□	594	+12	634	398	9,872	3.7	36.1
Ottomane FFr		£30½	-1½	£32½	£23¼	152.5	4.9	8.9
Ryl Bk Scotland	♣M□	451xd	+2	470	207	3,680	3.0	20.4
Sakura Y	□	£9⅜	+⅜	£11	£5¼	29,755	0.6	56.1
Sanwa Y	□	£12⅜	+⅜	£16	£7¼	38,009	0.4	-
Standard Chartd	†□	1168	+14	1283	578	2,781	2.2	-
Sumitomo Y	□	£12⅛	+⅛	£16¼	£8⅞	37,855	0.4	25.0
Sumitomo Tst Y	□	723¼	+24	987½	437½	8,894	0.8	56.7
TSB	q□	268	+1	272½	145½	4,068	3.6	20.7
Tokai Y	□	893	+¼	89⅞	24⅞	14,168	0.8	46.7
Toyo Tst & Bk Y	□	661½	+36¼	840	411	5,198	0.7	59.0
Westpac A$		217xd	+2	217	121	3,804	2.5	ф
Yasuda Tst Bk Y	†□	474½	+19½	690	343	5,234	1.0	42.3

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service

INVESTMENT COMPANIES

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SPIRITS, WINES & CIDERS - Cont.

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£13½		£13½	£7½	805.4	5.2	11.4
Barlow Rand		£4⅝		£10⅝	£4	810.0	7.9	7.5
Gold Fields SA R		£16⅞	+⅞	£18	£7¼	1,610	2.4	27.6
NK Props	as	90		97	68	3.62	15.1	ф
SASOL	♥	289	+1	308	215	1,637	5.4	-
SA Brews		£13½	-⅛	£15⅞	£7½	7,297	2.0	22.3
Tiger Oats		730xd	-100	838	513	1,108	2.2	15.6
Tongaat-Hulett	†	452xd	+3	472	212	338.3	3.3	12.6

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ☐ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ф Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed, dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Not subject to ACT
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

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FINANCIAL TIMES
Weekend January 15/January 16 1994

Hurd takes lead in 'basics' drive

Major flounders as Portillo hits out at 'new British disease'

By Philip Stephens, Political Editor

Mr Douglas Hurd, the foreign secretary, led a concerted cabinet campaign to restore intellectual coherence to the government's floundering "back to basics" programme yesterday.

But after one of the worst weeks for Mr John Major since the 1992 general election, ministers remained uncertain whether the prime minister could rescue the centrepiece of his domestic agenda from the recent spate of political scandals.

Mr Hurd's measured tone contrasted also with a strident and wide-ranging attack by Mr Michael Portillo, the chief secretary to the Treasury, on "the so-called opinion formers" who attacked British institutions.

Referring to a "new British disease", Mr Portillo castigated critics of the monarchy, parliament and the established church. He blamed the anti-establishment chattering classes for spreading the "poison of pessimism" which undermined national self-confidence and respect for British institutions.

Mr Portillo told an audience of the right-wing Conservative Way Forward Group: "We need to assert the value and the quality of the British way of life and of British institutions."

Mr Hurd sought to disentangle the central message of "back to basics" from the private lives of ministers and Conservative MPs, by insisting that it represented a "commonsense" approach to the much wider concerns of the electorate.

His emphasis on the government's drive to improve standards in schools, to nurture the economic recovery and to redouble the fight against crime was echoed in speeches and interviews by several other cabinet ministers.

Mr Kenneth Clarke, the chancellor, and Mr Michael Heseltine, trade and industry secretary, also joined Mr Hurd in urging the government's supporters to "keep their nerve".

Setting out the line agreed by the cabinet in an effort to rescue the "back to basics" programme, the foreign secretary said politicians should not set themselves up as arbiters of personal morality. Nor should the personal failings of some politicians be mistaken for the fortunes of the government.

His confident exposition, however, did little to disguise the debate still raging in the cabinet and in the Conservative party over the extent to which the government should set a moral tone for the nation.

Mr John Redwood, the Welsh Secretary, and Mr John Patten, the education secretary, are among those in the cabinet who believe that a programme promoting the difference between right and wrong cannot avoid touching on individual morality.

Westminster allegations, Page 4
Editorial comment, Page 6

Major's role in arms to Iraq guidelines

Continued from Page 1

Churchill over the sale of machine tools to Iraq. But both are confident that the decision was entirely legitimate.

Mr Major is expected to tell the inquiry that the only important decision with which he was directly involved was when, as foreign secretary, he vetoed the sale of military aircraft to Iraq in 1989.

But the Labour party is determined to exploit his appearance to reinforce its attack on the alleged "sleaze" and "hypocrisy" of government decision-making. They claim that after he replaced Lady Thatcher in 1990 Mr Major consistently misled the House of Commons on the implementation of the guidelines.

Lord Justice Scott has indicated that Mr Major will be cross-examined on Monday on the background to those parliamentary answers, and his role as foreign secretary in the guidelines' implementation.

The prime minister may also face pressure to spell out whether his government had any role in the sharp attack on the inquiry's procedures made on Wednesday by Lord Howe, the former foreign secretary.

Mr Major subsequently told the House of Commons that he had no criticism to make of the inquiry, but he declined to voice full confidence in its methods.

Small company share market planned

By Norma Cohen, Investments Correspondent

A group of venture capitalists, merchant banks and stockbrokers intends to set up a new exchange for trading the shares of small, entrepreneurial companies to compete with the Stock Exchange's official list.

The move to establish the new market comes after the Stock Exchange apparently rejected a suggestion from the City Group for Smaller Companies (Cisco) that it operate the market itself.

According to Cisco, the Enterprise Market could attract capital from large and private investors who have not previously been active in that sector.

Cisco forecasts that the Enterprise Market could have 200 listed companies two years after its inception. It hopes to have the participation of at least five market makers and 20 to 30 stockbrokers specialising in shares of small companies.

Over the next 10 weeks Cisco plans to conduct a tender process to find a commercial operator for the new exchange. Possible operators are the US-based Nasdaq market which has its own trading system, Reuters and British Telecom. Initial costs are estimated at £5m and finance will come from a mix of venture capital, institutional investment and bank loans.

Mr Richard Balarkas, chief executive of Cisco, said the concept of a new market has also received the endorsement of the European Venture Capital Association whose members – managers of venture capital portfolios – would be prepared to list the shares of their own investments on the Enterprise Market.

In April last year the Stock Exchange appointed a working party after announcing it would close its Unlisted Securities Market for small companies and try to find a successor.

The Stock Exchange board considered a report in December from the working party that recommended the establishment of the Enterprise Market. However, the board decided that further investigations were needed and commissioned market research from Mori to be completed by the end of March.

Cisco believes that small companies get short shrift from the Stock Exchange whose members derive most profits from making markets in the shares of the largest companies.

Yesterday the Stock Exchange said it still planned to go ahead with its market research.

Bundesbank chief says EU bank should follow German policies

By Christopher Parkes in Frankfurt

Mr Hans Tietmeyer, Bundesbank president, gave notice yesterday he would fight hard for the adoption of German monetary policies by the future European central bank.

Medium-term money supply targets, mainstay of the Bundesbank's policy, were the best way to ensure price stability, he told a banking audience in Oldenburg, north-west Germany.

Such measures allowed inflationary pressures to be spotted early and helped avoid the mistakes which were part and parcel of a stop-go policy.

Minimum reserve requirements for commercial banks were "indispensable" to slow down money creation, he said. The finance sector should also contribute to stability by encouraging the dominance of longer-term lending rates.

The European Monetary Institute (EMI), forerunner of the proposed European central bank, had a lot of work ahead of it, Mr Tietmeyer said. The Bundesbank would campaign heavily for the adoption of the German central bank's policies.

Speaking within days of the institute's first formal meeting in Frankfurt, he reiterated his scepticism on the timing of the introduction of a common currency.

Mr Tietmeyer, who has in the past effectively written off 1997 as a starting date, said that if there was "a serious clash between the political deadline and economic necessity," then monetary union would have to wait. He also rejected suggestions that the EMI should establish an EU-wide money supply target in the run-up to monetary union. That would lead to grey areas between the responsibilities of the institute and individual central banks.

Mr Tietmeyer supported his case for a German-style European central bank with a catalogue of successes, which he attributed to the Bundesbank's "dogged" adherence to its policy.

"Inflation is slowing, inflationary expectations have been broken, long-term interest rates have been at unusually low levels for some time ... and the external value of the D-Mark has stayed stable," he said.

N-weapons

Continued from Page 1

from the ultra-nationalist Liberal Democrats, headed by Mr Vladimir Zhirinovsky, who, before becoming involved in a fight with a reformist MP, continued in countless interviews to pour scorn on Mr Clinton, Mr Yeltsin and even the existence of US financial assistance.

The Russian president's tart rejoinder was that the upper house was "smarter and more intellectual". He maintained that the 60 per cent who voted last month in favour of the new Russian constitution was a more reliable indicator of reform sentiment than the composition of the parliament.

Still, Mr Yeltsin, anxious not to appear too much the supplicant, again nudged Mr Clinton towards making the Group of Seven industrialised nations a club of eight by admitting Russia.

THE LEX COLUMN

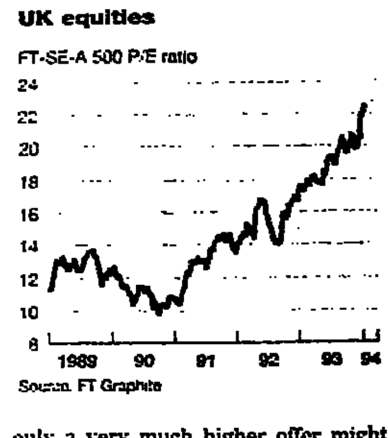
Back to basics

When both the Sun and The Economist pillory a Conservative administration on the same day, the markets might be expected to tremble slightly. Yet the UK government's travails seem to have left investors completely unruffled. Equities rallied strongly at the end of the week as, significantly, UK institutional buying overcame overseas selling. Long gilt yields are barely above recent lows, and are only 1.1 percentage points above base rates, while sterling threatens to rise above its old ERM floor.

In part that may be because the next election is still, in all probability, a long way off. Even a leadership challenge seems unlikely before the autumn. That leaves the market free to concentrate on the improving economic outlook and prospects for the imminent corporate reporting season. Early indications suggest that there may be some pleasant surprises, which is consistent with statistics showing corporate sales rising and unit labour costs falling. That trend may well be continued this year, generating earnings increases higher than many analysts currently predict, and dragging equities back from their current vertiginous rating.

The shift in focus from interest rate cuts to earnings increases is needed if the market is to maintain momentum. In the short run the robust recovery means that further rate cuts are unlikely. Only a downward lurch in confidence as the spring tax increases loom is likely to sway a chancellor keen to demonstrate sound money instincts to sceptics in his own party. Gilts thus have little to look forward to, and equities are left standing on their own merits.

FT-SE Index: 3400.6 (+40.6)



Source: FT Graphite

Granada/LWT

Until this week Granada appeared to be strolling through its bid with LWT. But following LWT's strong profits showing, it now appears to have a real fight on its hands. LWT's latest broadside included the customarily extravagant bid rhetoric – but it hardly smacked of a company going through the motions before capitulating. Moreover, LWT's shareholders will be reluctant to sell a management that has delivered more than a six-fold increase in their shares since 1989. A bigger premium may well be needed to seduce them.

Granada would surely sweeten its terms if that secured a recommendation from LWT's board. But LWT has stressed its case so passionately that only a very much higher offer might suffice. That, though, would have dangers for Granada. An overly-generous bid would damage perceptions of Granada's earnings prospects, lessening the appeal of its shares which are the bid's chief currency.

However, if Granada won a hostile bid with no increase, or only a token improvement, it may irretrievably antagonise LWT's board. LWT's millionaire managers would have few financial qualms about quitting, threatening a disruptive hand-over period. Besides, much of LWT's appeal lies in its creative skills.

LWT still has worries of its own. Its arguments for independence will be discredited if it encourages a frustrating deal with any other party. Thomas Cook helped scupper Airtours' hostile bid for Owners Abroad by launching a rival tender offer. But Owners' subsequent traumas hardly represent a happy precedent for LWT.

Corporate disclosure

The UK debate on corporate disclosure is producing some welcome results. Not only does the proliferation of Christmas trading statements from retailers suggest the days are gone when the first analyst to reach the finance director got the bargain. Yesterday also brought an announcement from Thorn EMI that it is to start making quarterly trading statements. These will include a basic profit and loss account, probably with some divisional and geographic breakdown, though there will be no balance sheet.

For the moment this seems a sensible compromise between the approach of those put off by the effort of disclosing full quarterly results and those anxious for more public disclosure. The case for more frequent statements has grown since LIG was censored by the stock exchange for warning investors selectively about a profits shortfall last year. Expectations are less likely to slip out of line with reality if companies are regularly in touch with the market.

Thorn's approach certainly makes more sense than that of Inchcape which plans to hold collective analysts meetings ahead of its closed period, but only to discuss information already in the public domain. Inchcape does not expect to disclose anything which would require a public statement. Thorn also intends to put figures on the table. The company's management accounting system means they can be assembled with minimal trouble.

This underlines the need for companies to make more meaningful information available even if the tighter climate prevents them from disclosing it selectively. Thorn may need to develop its approach further, though. It only creates confusion about closed periods if information, basically available now to management, is not disclosed till the third week in February.

Video games

Dixons' executives must be slightly bemused by the Office of Fair Trading's decision to refer the video games market to the Monopolies and Mergers Commission. Last week the company issued a profits warning because games discounting is rife and sales are poor. But while UK retailers may not now be making money hand over fist in games hardware, software is still a nice little earner. Since marginal production costs for software are low, there is also a case for the manufacturers to answer over differential pricing between the UK and the US. The restrictions on software licensing are also a worrying sign, as is the fact that the Federal Trade Commission fined Nintendo for price fixing in the US three years ago.

Differential pricing, however, occurs in areas as diverse as a trip to a Disney theme park or the purchase of a CD. Multinational manufacturers' margins are not normally broken down by regional market, so genuine returns are difficult to assess. If companies are using US demand to fill their factories and Europe to generate profit, it will be hard to prove and harder still to change.

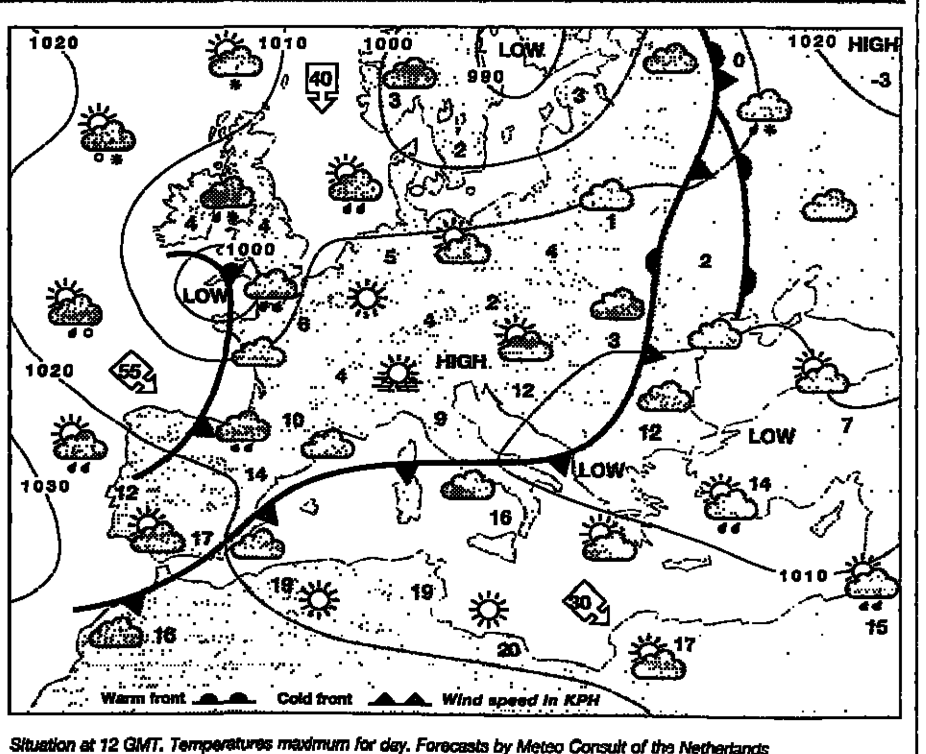
FT WEATHER GUIDE

Europe today

Prolonged and sometimes heavy rain is forecast over England and, by the afternoon, over parts of the Low Countries as well. Western France and north-west Spain will have showers and near gale force winds at the coast. Southern Spain will have sunshine, as will Italy, with scattered clouds. The Mediterranean will have scattered showers. Central Europe will have cloud and scattered sunshine and will remain dry. Eastern Europe will be overcast. Wintry weather is forecast for most of Scandinavia, though temperatures in the south will still be slightly above freezing.

Five-day forecast

Conditions will remain unsettled over the UK and over much of the continent with wintry showers in places. Temperatures will fall below freezing during the night. Next week, milder air from the Atlantic will cause snow, then sleet and rain. Conditions over the Alps and Pyrenees will remain wintry, with snow at times. Italy and south-east Europe will have a mainly dry and sunny Sunday, but widespread showers will return during next week. Northern Europe will become much colder as Arctic air moves southwards to Poland.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	27
Accra	sun	32
Algiers	fair	19
Amsterdam	cloudy	6
Athens	sun	16
B. Aires	fair	30
B.ham	rain	5
Bangkok	sun	34
Barcelona	fair	13
Beijing	cloudy	4
Belfast	hail	4
Belgrade	cloudy	5
Berlin	fair	6
Bermuda	shower	19
Bogota	fair	20
Bombay	sun	29
Brussels	fair	6
Budapest	fair	4
C.hagen	shower	5
Cairo	cloudy	15
Cape Town	sun	24
Caracas	sun	28
Cardiff	rain	6
Chicago	fair	-19
Cologne	fair	5
D' Salaam	fair	30
Dakar	sun	26
Dallas	fair	18
Delhi	fair	18
Dubai	sun	26
Dublin	shower	5
Dubrovnik	shower	14
Edinburgh	hail	2
Faro	fair	16
Frankfurt	fair	5
Geneva	fair	1
Gibraltar	fair	18
Glasgow	sleet	2
Hamburg	cloudy	5
Helsinki	sleet	2
Hong Kong	cloudy	24
Honolulu	shower	27
Istanbul	fair	12
Jersey	rain	8
Karachi	sun	26
Kuwait	shower	18
L. Angeles	sun	23
Las Palmas	fair	22
Lima	sun	25
Lisbon	fair	13
London	rain	7
Lux.bourg	fair	3
Lyon	fair	2
Madeira	fair	18
Madrid	shower	10
Majorca	fair	15
Malta	sun	17
Manchester	cloudy	5
Manila	fair	30
Melbourne	sun	34
Mexico City	fair	20
Miami	fair	18
Milan	sun	7
Montreal	fair	-20
Moscow	cloudy	1
Munich	sun	5
Nairobi	fair	25
Naples	sun	15
Nassau	sun	25
New York	cloudy	-8
Nice	fair	11
Nicosia	shower	16
Oslo	fair	0
Paris	fair	6
Perth	sun	29
Prague	fair	5
Rangoon	sun	33
Reykjavik	snow	-3
Rio	sun	29
Riyadh	fair	26
Rome	fair	14
S. Frsco	sun	15
Seoul	fair	8
Singapore	cloudy	29
Stockholm	fair	0
Strasbourg	fair	5
Sydney	sun	28
Tangier	fair	15
Tel Aviv	shower	15
Tokyo	sun	10
Toronto	snow	-16
Tunis	sun	19
Vancouver	shower	8
Venice	sun	8
Vienna	hazy	6
Warsaw	cloudy	4
Washington	fair	-4
Wellington	shower	16
Winnipeg	fair	-27
Zurich	hazy	4

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Weekend FT

SECTION II Weekend January 15/January 16 1994

The greatest person who ever lived . . . perhaps

***Malcolm Rutherford** asked FT readers to nominate the most important figure from history. The answers caught him by surprise. Here he sifts through the replies*

"Be not afraid of greatness: Some men are born great, some achieve greatness, and some have greatness thrust upon them." From Shakespeare's *Twelfth Night*.

"Some village Hampden, that with dauntless breast The little Tyrant of the fields withstood; Some mute inglorious Milton here may rest, Some Cromwell guiltless of his country's blood." From Gray's *Elegy Written in a Country Church-Yard*.

I was about to write an article on why Shakespeare was the greatest person who ever lived when some down-to-earth colleagues suggested that we should pose the question in the *Weekend FT*. And what a brave new world we would live in if it were peopled entirely by *FT* readers, especially those who responded to the competition.

We would listen to Beethoven and Mozart, understand the principles of Newtonian physics, have mutual respect for each other's religions and do a great deal of reading. But we wouldn't be arrogant: we might even have a sense of humour.

Economists, politicians, potentates and generals – with the possible exception of Ghenghis Kahn, who is admired for his efficiency – would be ignored. Our greatest living hero would be Mother Teresa.

When we set the competition, I remained convinced that there were only two main runners: Shakespeare and Jesus Christ, with the Bard as the clear favourite. That was because there have been other great religious leaders apart from Christ and the paper's readership is very international.

Shakespeare, by contrast, is universal and uncontroversial, unchallenged as a playwright and a lasting contributor to the English language. Above all, he had the greatest understanding of the infinite variety of human nature. Thus I thought that the religious vote would split, leaving Shakespeare out in front.

On one part of the guess, I was completely wrong. Shakespeare, though mentioned many times in passing, received rather fewer votes than Walt Disney. In extenuation, I should add that Disney was praised for one of the same reasons I would have given for the Bard: namely the capacity to give the greatest pleasure to the greatest number of people. Times change: Bambi not Hamlet.

On religion, I was nearer the truth. Jesus Christ was the clear winner but – wait for it – Mohammed was a good second and Buddha a close third. The striking point about practically all those answers, however, was the tolerance and understanding of other people's beliefs.

Contributors were asked not only to name the greatest person who ever lived and, if they liked, the second greatest as well, but to give their reasons. Time and again, someone who put Jesus Christ first would put Mohammed or Buddha second, and *vice versa*. Moreover, their answers stressed not divinity or after-life, but common humanity.

In many cases, the admiration for religious leaders went hand in hand with a respect for science. No-one expressed the view that religious beliefs were incompatible with scientific research. It was taken as axiomatic that the two go together. One contributor argued for Mohammed as the greatest on the grounds of his all-round abilities as a teacher, administrator and leader, then put Albert Einstein second for discovering $E=MC^2$. Another put Moses first for establishing the idea of one God and one set of universally accepted "Laws of Man"; he, too, put Einstein second.

Writing from Woodbridge in Suffolk, David Drumm summed up the mixture: "The two greatest influences on mankind have been religion and science."

Drumm named three people: Jesus Christ in third place, Mohammed in second and Sir Isaac Newton as the greatest because Newton (1642-1727) "supplied the unified theory that set modern science on the course which it has followed ever since and which revolutionised the world".

Essentially, says Drumm, daily life for the world's population remained fairly similar between 1600 BC and 1600 AD. After Newton the world was changed.

In terms of first and second choices Newton tied with Beethoven in receiving more support than anyone except a religious leader. Yet the problem with choosing scientists was identified by Newton himself: "The reason I see so far is because I stand on the shoulders of giants." It is hard to attribute breakthroughs to individuals.

There is also great ignorance about the past. We do not know who invented the wheel or discovered the domestic and productive use of fire – the latter surely the greatest breakthrough of all time. We don't know for certain either who invented the alphabet or designed a system of numbers, though there was a very *FT* contribution in favour of Fra Luca Pacioli who put the two together in the form of double-entry bookkeeping in the early 16th century. Pacioli was a great friend of Leonardo da Vinci.

Nor are advances in pure science the only criteria for greatness: there are also the technological advances that stem from them. A very strong if slightly ironical case was made for Thomas Crapper, a Yorkshireman who moved to Chelsea and invented the modern water closet in the mid 19th century. Thus he added to life expectancy, public health and private comfort around the world. A reader in Taipei suggests that Crapper represented the high point of the British Empire and the industrial revolution.

Still on technology, there were several votes for Johannes Gutenberg (1400-1468) and anyone to do with the invention of

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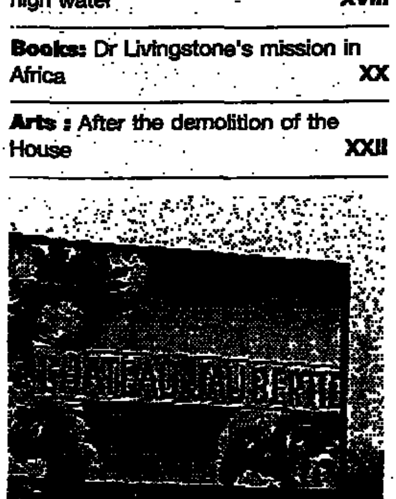
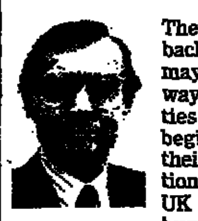


The Long View/**Barry Riley**

You shall go the ball



The Cinderella asset is back in favour. Property may be lagging a long way behind the securities markets but it is beginning to share in their buoyancy. Institutional investors in the UK are becoming active buyers of commercial real estate once again, and in the residential market prices are starting to creep higher on a year-on-year basis, although the level of transactions remains low compared with the halcyon days of the late 1980s.

But first, it is worth highlighting how much the property market has slipped behind the stock and bond markets. Last year, even though commercial property prices began to rise, and according to the property agents Healey & Baker, average prime investment yields declined from 8.5 to 7.0 per cent, the investment returns were still relatively poor. Average total returns for 1993 are being estimated at 13 or 14 per cent, compared with 28 per cent on UK equities and more than 30 per cent on long-dated gilts.

The average 1993 return on the portfolios of UK pension funds – which these days only have about 5 per cent of their assets in UK property – was 28 per cent.

But property follows a rather different cycle. Its last boom year was in 1988 when it returned 30 per cent, while the average pension fund's asset mix produced only 12 per cent. In the last three years property has suffered a hangover while equity and bond prices have roared ahead: compared with the aggregate 86 per cent return in three years on UK equities, UK real estate has returned only 7 per cent.

A similar deviation has been seen in residential property, where prices bottomed out last year. As investments, houses have performed very poorly Since 1989, losing about 10 per cent of their value nationally and more than 20 per cent in the harder-hit south-east of England. Yet since the end of 1988, remember, share prices have shown capital growth of some 80 per cent.

Clearly the smart private investor would have sold his house in the late 1980s, rented a place and switched his wealth into stocks. Housing is for nesting, not investing, according to today's wisdom. It is, however, time to be considering the reverse transaction.

Why do financial assets and property assets behave so differently? Clearly it is because they are influenced by different kinds of investors and are valued on different bases. This ought not to be so true of commercial property which is owned by the same institutions that dominate the securities markets (and which ought to be capable of valuing assets on a consistent basis). But the supply of property is erratic because of the role of speculative developers.

Essentially the securities markets are driven by flows of cash. They tend to be buoyant in the early part of the economic cycle when there is surplus liquidity and interest rates are low; this was the case in 1993. But the real estate market is dominated by borrowed money – whether household mortgages or bank loans to real estate developers. So property prices tend to be strong in the later part of the cycle, when people are confident enough to accumulate debt. For several years the banks have been so battered by losses on loans to the property industry that the flow of cash has dried to a trickle. As for houses, mortgage lending remains weak: from a peak of £40bn in 1988 net advances have declined and were much less than half that figure in 1993.

The fundamentals in property also change according to a different time scale. For instance, the occupation of commercial property continued to be affected by weak demand in 1993, when prime rents fell by about 7 per cent. There are substantial time lags in the completion of developments conceived in past booms and in the renegotiation of old leases. In contrast, the pain in most listed non-property companies was experienced earlier: by last year demand was beginning to rebuild and profits were recovering. Dividends have not fallen overall, in contrast to the income on investment property.

Different rules apply, but there is an awkward interface of the property and securities markets in the property sector of the stock market. This has been booming, to the extent of producing some of the best returns in the equity market. You can rationalise this in terms of a turnround in medium-term expectations, but it is probably more simply explained by the conflicting pressures on investors. There are still important structural barriers between securities investors and direct property investors even when they co-exist in the same institutions.

It is no more than a particular case of the general rule that the flood of global liquidity into the stock market has greatly raised share prices relative to the valuation of the underlying assets that listed companies own. If economic growth continues, as optimists assume, property values will eventually catch up with what the stock market is projecting. Indeed, a lot of institutional buyers are now drawing the conclusion that property is cheap. Given that long-term sterling interest rates have tumbled from 8¾ to 6½ per cent, a substantial fall in property investment yields was also inevitable. However, property professionals have found it hard to take on board this purely financial adjustment at a time when the rental market has remained depressed. If the valuers were up to date it is possible that the property investment market would have shown better returns last year than those now estimated. There is inevitably a strong element of subjectivity.

What about the residential market? This is still further separated from the lush revenues that are pushing up securities values. It tends to be younger people who bid up house prices and, by and large, they have few stock market investments. The squeeze on employee earnings is benefiting corporate profits and at the same time is holding back the borrowing capacity of home buyers. But the cycle has turned.

MARKETS

London

So what if we do go back to basics?

Roderick Oram

Politicians are not alone in finding it hard to shun instant gratification and get back to basics. With the siren song of falling interest rates fading in their ears, equity investors spent most of the week worrying that the stock market lacked the stimulus to keep up its robust performance.

Any hopes of another base rate cut were deferred until the Spring by a clutch of good economic statistics: the unemployment rate is below 10 per cent for the first time in 18 months, consumer credit is highest and housing starts strongest in three years.

Good news – 46,800 unemployed people back to work in December, earning money to spend and saving taxpayers the dole – temporarily became bad news. The FT-SE 100 lost 86 points in four days before strong corporate results and other fundamentals reasserted themselves on Friday and the index bounced 40.6 points to close at 3,400.6.

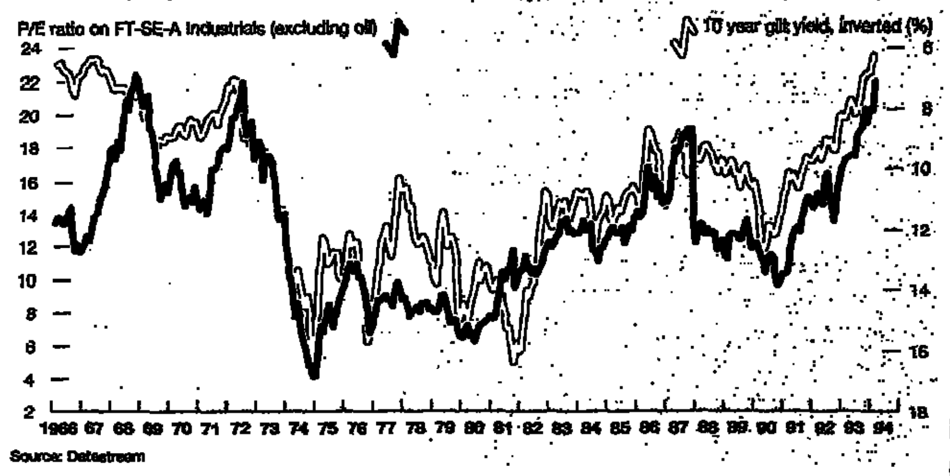
While John Major might hanker for a simpler and semi-mythological 1950s lifestyle, economists and investors can at least quantify the good old days they believe are here again.

"Over the next three to four years, the performance of the UK economy could resemble the halcyon days of low inflation and sustained trend economic growth that characterised the period from the mid-1950s to the end of the 1960s," said David Shaw, Legal & General's director of investment strategy, this week.

Trouble is, some of the market basics in such a scenario are very challenging. As the chart shows, the historic p/e ratio of industrial stocks is fast approaching the all-time record of 23.1 of January, 1969. Never mind the past, look to future earnings, is the response of many strategists. But even here the market is pushing the limits. The prospective p/e ratio is around 15.5, the highest, Warburg's points out, in 20 years of their record keeping.

Moreover, the rise in equity

Challenging basics: P/Es head for all-time highs



Source: Datastream

valuation has been heavily underpinned by the decline in interest rates over the past four years. There is every chance of shaving interest rates by another half point or so this year but after that share prices are on their own. They will have to sustain themselves on rising earnings and dividends.

But, even as stocks soared after last November's budget, analysts were scaling back their forecasts. In December alone, the consensus forecast for pre-exceptional earnings growth of the FT-SE 500 dropped from 14.3 per cent to 12.6 per cent.

Perhaps this was the last gasp of pessimism and caution for analysts and companies after a protracted period of economic recovery hopes deferred. On balance, profit downgrades have out numbered upgrades for four years, says Paul Walton, Capel's market strategist.

"Analysts' profit forecasts are far too low," he argues. Moreover, companies are being very timid with their turnover and profits predictions. Pre-tax profit growth of about 15 per cent this year (against 3 per cent in 1992 and 19 per cent last year) would consist of about seven percentage points of turnover growth, about three to four points from interest rate and currency effects and only four to five points from lower input costs. But with a more realistic view of turnover and costs, profit growth closer to 25 per cent is possible, he argues. Indeed, a Dun and Bradstreet survey this week found companies salivating at the prospect of raising prices.

Similarly, there is plenty of scope or dividend per share growth to accelerate to 7-10 per cent this year from 6 per cent last year and zero in 1992.

Thus, the upcoming corporate results season is even more important than usual for sustaining current market levels. Fortunately, first indications were highly encouraging. TSB, Tomkins, Rank Organisation and Securicor all reported much better than expected earnings and dividends.

TSB was the most impressive with full year pre-tax profits jumping from £5m to £301m the dividend rising 20 per cent against forecasts of 9.5 per cent. Yes, profits soared thanks to a near-halving of bad debt provisions while operating profits were only ahead 11 per cent but its clear TSB and other banks are heading for an embarrassment of riches.

Tomkins turned in doubled interim pre-tax profits of £93.8m, about £5m better than forecast, and a reasonable dividend rise. The City remains, however, cool to its takeover of Rank Hovis McDougall, the foods group it acquired for £990.5m in December. Investors still see it as a baker of loss-leading white bread for supermarkets, a tag justified by the measly profits from baking.

Rank also surprised the market with full-year pre-tax profits of £276.6m, more than doubled the restated year earlier figures. Although consumers might be holding back a bit on their regular leisure spending Rank squeezed more operating profits out of bingo and casinos.

Like Rank, First Leisure has had to work the crowds harder but at least its modest increase in profits reported this week helped allay market fears. Its shares, once buoyed by the notion First Leisure was defying recession, had fallen from 378p in March to 234p in November on fears its discos and bowling lanes were failing to hold their own. Shares are now trading on the more realistic multiple equal to the market's.

In matters of market pricing, however, the prize of the week went to Eurotunnel. It came up with a top charge of £310 for whisking a car and its occupants through the tunnel on mid-summer weekends. Ferry operators breathed a sigh of relief and investors marked down the shares.

Eurotunnel offers travel to an "unlimited" number of passengers per car. So enterprising crammers could establish some remarkable passenger/excursion ratios. The bigger task lies with Eurotunnel. No other company will have to work so hard to justify its share price.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1993/94 High	1993/94 Low	
FT-SE 100 Index	3400.6	-45.4	3462.0	2737.6	Interest rate hopes wane
FT-SE Mid 250 Index	3915.7	+3.2	3915.7	2876.3	Profit-taking resisted
Abbey National	520	+30	524	345	Dividend optimism after TSB figs
Ashley (Laura)	84	+12	118	69	Good Christmas sales
BOC	639	-26	770	590	Hoare Govett downgrade
Blue Circle	366	+24	366	189	NatWest "buy" recommendation
Eurotunnel Uts	610	-26	685	332	Fare tariffs badly received
First Leisure	324	+30	378	232	Brokers positive after results
Geest	275	-96	483	256	Profits warning
Ladbroke	208½	+14½	222½	142	Management changes
Shell Trans	719	-23½	749	515	Weak oil prices/Elf flotation
SmithKline Beecham A	424	+29	513	373	Drug launch
Stakis	79	+14	79	34½	Results
TSB	268	+14	272½	145½	Better-than-expected prelims
Tiphook	67	-11	382	37	Container division sale disappoints

Serious Money

Just one stop for unit trust investors

Scheherazade Daneshkhu

Weekend FT readers know that this newspaper welcomes any efforts to make life simpler for investors and to reduce the costs of financial services products.

This week, Fidelity Brokerage, part of Fidelity Investments, the large US fund management group, launched a new service which should make buying and selling unit trusts easier and, in many cases, cheaper too.

Funds MarketPlace is a brokerage service through which you can buy any of the 1,400 or so UK-based unit trusts. This is a "one-stop" dealing account particularly suited to those who want to buy unit trusts from different fund management groups.

Most private investors buy unit trusts either through a financial adviser or directly from each company. Fidelity, which provides a single account service in the US, has spotted a gap in the UK market for a similar product.

So how will it work?

You open a Funds MarketPlace Account with Fidelity and use a 0800 number for dealing. Fidelity handles the settlement, dividends and reporting and will send you a portfolio statement every six months.

The units are held in a designated nominee account. They can be in your own name but the disadvantage is that Fidelity will then charge commission on sales, even though unit trusts do not normally impose a selling charge. There is no selling charge for units held in a designated nominee account.

How much does Fidelity charge for this service? The cost of buying a unit trust is reflected in its initial charge, which is usually about 5.25 per cent, and includes the commission which the fund managers pay to intermediaries for selling the trust – the industry norm is 3 per cent.

Since Fidelity is acting as an intermediary, it will receive the 3 per cent commission in any case and therefore does not need to make an extra charge on the investor.

What about unit trusts with low initial charges? Murray Johnstone and Lazard have cut their initial charges while others, such as Fidelity, M&G, Gartmore and Cazenove, have lowered the initial charge on some or all of their unit trust personal equity plans. However, since most of the companies sell the bulk of their unit trusts through financial advisers, they are continuing to pay intermediaries 3 per cent.

A handful of equity funds pay less than 3 per cent commission. Murray Johnstone only pays 1 per cent commission to intermediaries on its range of unit trusts; currency and bond funds pay little or no commission. Fidelity says that in these cases it will charge the investor its usual commission rates. It admits that it will be cheaper for the investor to buy these funds directly but hopes that the convenience of its one-stop service will outweigh the charge.

Fidelity will give discounts off the initial charge to those making large purchases. Although reduced brokerage rates are common for large unit trust transactions, the deals usually have to be well over the £5,000 starting rate which Fidelity is proposing.

The discounts are on a sliding scale. There is a reduction of 1 per cent for purchases of £5,000-£10,000, 1.5 per cent for £10,001-£20,000, 2 per cent for £20,001-£40,000, 2.5 per cent for £40,001-£100,000 and 3 per cent on deals of £100,001 and above. However, for trusts with an initial charge of between 3 to 5.25 per cent, Fidelity will reduce the discounts so that the scale will be between 0.5 per cent to 2.5 per cent. There will be no discounts for unit trusts which pay less than the 3 per cent commission.

The other point to note is that since Fidelity is an "execution-only" broker, you do not receive any investment advice although you can use the 0800 number to ask for basic information such as the performance history of the trust, the name of its manager and the date the fund was launched.

Only 4 per cent of UK households own unit trusts (compared to 25 per cent in the US) but Fidelity believes the market will continue to expand strongly against the background of lower interest rates. 1993 was the best year ever for collective funds raising new money and Fidelity thinks that an increasing proportion of that market will be buying funds on an execution-only basis.

Certainly, this has been the pattern with retail equity deals. In 1987-88, only 5 to 6 per cent of sales and purchases of individual stocks and shares in the retail market were done on an execution-only basis but that has now risen to about 30-33 per cent.

Although only 8 per cent of retail unit trust sales were bought directly last year, Fidelity is predicting that this will grow to 20-25 per cent of the market in the next 2-3 years.

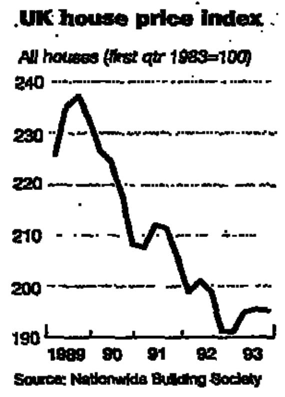
Choosing a unit trust without taking financial advice is not a good idea unless you know what you are doing. Even if you have run through the arguments and have decided that a unit, rather than investment, trust is for you, choosing between the wide variety of regions and different types of funds is not easy. Moreover, performance figures may not be readily available but in the article on page III, we list some of the ways of finding out.

Active investors dabbling in large sums are the ones most likely to find Funds MarketPlace, and similar products which may be spawned in its wake, worthwhile.

AT A GLANCE

UK house price index

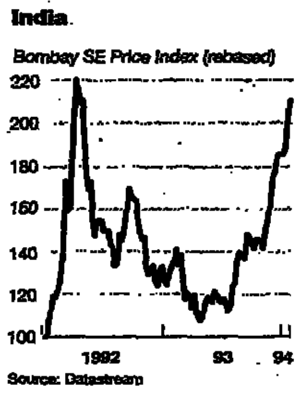
All houses (first qtr 1983=100)



Source: Nationwide Building Society

India

Bombay SE Price Index (rebased)



Source: Datastream

House prices rise in final quarter of '93

House prices across the UK were an average of 2.9 per cent higher in the final quarter of 1993 than in the same period of 1992, according to the Nationwide building society. Prices were higher in nine regions out of 13. The highest increase was 11 per cent in Scotland, while the north-west recorded a fall of 4.4 per cent.

Fourth quarter prices were marginally lower than in the third quarter of 1993, down 0.1 per cent on average, although London buyers paid 5.1 per cent more than in the previous three months. The average price paid by first time buyers in the fourth quarter was £39,909, while previous owner-occupiers paid £65,697 on average.

Bombay stocks soar

The Bombay Stock Exchange's index of 30 leading shares has risen almost 50 per cent since the start of November, in a rally triggered by foreign fund managers allowed to invest for the first time in years.

The gains were in spite of the market being closed for two weeks last month because of a regulatory dispute over forward trading. The last big rally in 1992 ended in a stock exchange scandal involving brokers and foreign and domestic banks.

India could be the next big area in emerging markets for UK investors, according to specialist brokers Olliff and Partners.

Tax change hits EZTs

Investors will find it more difficult to shelter tax through Enterprise Zone Trusts, as a result of a tax change announced this week. Industry experts believe that the number of new EZTs being launched could be halved as a result of the rule change, which will restrict the appeal of EZTs to investors who are prepared to hold the investment for a full 25 years.

The government acted to stop a loophole in its legislation on capital allowances which allowed property owners to offer investors an exit route from an EZT before the end of the trust's 25 year life. Existing trusts are not affected.

UK investment trusts launch

Schroder and Gartmore are both launching UK growth investment trusts next month, aiming at Pep investors as the tax year-end draws near. The Schroder UK Growth Fund fund will have ordinary shares with one free warrant attached to every five ordinary shares. Gartmore's British Income and Growth Trust, is a split capital investment trust, with two classes of share.

Smaller companies index up

Saracen Value Trust, specialising in UK smaller companies, is to be launched next month. It is to be managed by Saracen Fund Managers, a new Glasgow-based company run by a former fund manager at Scottish Amicable. It aims to raise £50m through an offer for subscription of shares at £1 each, with one warrant to every five shares.

Smaller companies are continuing to do well. The Hoare Govett Smaller Companies Index (capital gains version) climbed 1.6 per cent to 1744.81 over the week to January 13.

Wall Street

Everything in the garden is perfect, but . . .

This may not necessarily be a good thing, but some Wall Street sages have been pointing out lately that conditions in the US stock market are currently as near to perfect as is possible.

The economy is growing at a solid pace. Inflation, primarily because of the moderate rate of economic growth, is unthreatening. Interest rates, although edging higher, are still near historic lows. Company earnings continue to improve, thanks in part to vigorous cost containment measures and efficiency gains, and Corporate America's balance sheet is as healthy as it has been for a long time.

Even the dollar is perking up, which may not be good for US exporters trying to sell their goods abroad, but it does at least attract capital to US financial markets.

Moreover, the poor recent performance of some of last year's hottest foreign stock markets – notably Mexico and Hong Kong – is also working in the US market's favour, as it may cool investors' ardour for overseas equities and persuade them to keep more of their money at home.

Also, there are few signs that the individual investor is losing interest in the stock market.

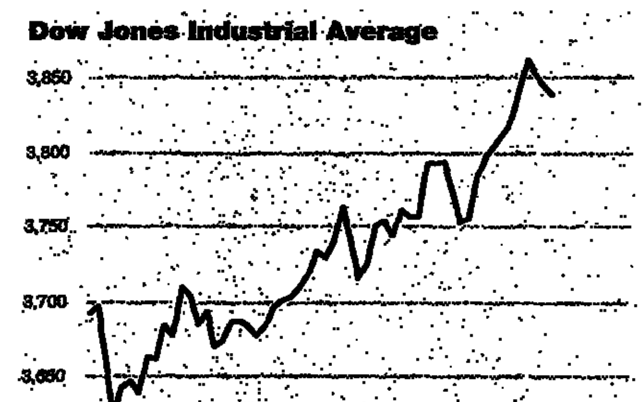
Investment managers report that money continues to flood into mutual funds, money that the institutions have been quickly putting to use by investing in equities, particularly the stocks of companies whose earnings are closely tied to the economic cycle.

The cash inflows from funds, coupled with the mood of optimism about the economy and corporate earnings, has been behind the stock market's impressive performance in the first two weeks of 1994.

Apart from a few days of profit-taking, share prices have been appreciating steadily since the New Year. In the first six days of January alone the Dow Jones Industrial Average climbed more than 100 points, or almost 3 per cent, as the Dow broke through 3,800 for the first time.

Several days of modest selling earlier this week did little to damp the market's fire, and yesterday the buying resumed. By late morning the Dow was up another 25 points, all but erasing the previous three day's losses.

Dow Jones Industrial Average



Source: FT Graphite

More and more analysts are now talking of the Dow reaching 4,000 within a few months, and some are even suggesting it will make 4,500 before the year is out.

Yet, the skies above the stock market are not entirely cloud-free.

The Dow may have started the year in grand style, but other indices have lagged behind. The Standard & Poor's 500, the Nasdaq composite and the Russell 2000 index of small-company stocks have performed only half as well as the Dow.

This suggests that investors' confidence in the market is not particularly broad-based.

Then there is the matter of equity valuations. Stocks on the S&P 500 are currently trading at about 23-times past earnings, and paying out a dividend yield of 2.6 per cent. Those figures are both well off historic averages, which are about 14-times earnings and a 4.4 per cent dividend yield. The bears in the market say it is only a matter of time before valuations start coming back toward historic averages, and that is more likely to happen as a result of a sharp decline in share prices, rather than a dramatic improvement in earnings performance.

Finally, the threat of inflation still hovers in the distance. While the current inflation rate is low – figures released this week showed that consumer prices rose last year by 2.7 per cent, the best inflation performance since 1986 – investors in fixed-income assets such as government securities remain concerned that the steadily accelerating pace of economic growth will eventually feed through into higher prices, and start eroding the value of their investments.

That concern pushed bond yields higher in the latter half of this week. After falling to as low as 6.18 per cent on Wednesday, the yield on the benchmark 30-year bond had moved back up to 6.3 per cent by midday yesterday, spooked by an unexpectedly strong December retail sales report.

What is more, the stock market's own inflation warning bell – the Dow Jones Utilities Average – has been ringing recently. The average of 15 utilities stocks has fallen 3.7 per cent since the start of the year. Utility stocks are uniquely sensitive to inflationary trends, because when inflation rises, utility companies' earnings suffer because their ability to put up their rates to counter the impact of inflation is restricted by the government.

This is not to suggest that a big correction in share prices is imminent, only to note that conditions in the stock market are rarely, if ever, perfect.

Patrick Harverson

Monday	3865.51	+	44.74
Tuesday	3850.31	–	15.20
Wednesday	3848.63	–	01.68
Thursday	3842.43	–	06.20
Friday			

The Bottom Line

It's eyes down in the casino

After 18 months of falling dividend yields, UK banks have come to resemble slot machines into which gamblers have put lots of coins without result. A small crowd has gathered in the stock market casino to watch for the long-anticipated moment when the bells ring, and money starts gushing out.

The fall in the banks' dividend yield against the FT-A All Share index has been produced by the heady rise in bank shares over the past 18 months. The sector's performance has rewarded many investors who bet on banks recovering from the bad debt burden of the 1980s with very strong capital gain.

These gains were sustained last year by the emergence of exceptional trading conditions. The fall in interest rates not only allowed banks to widen margins on loans, but produced turmoil in currency and securities markets which allowed banks' securities arms to profit heavily.

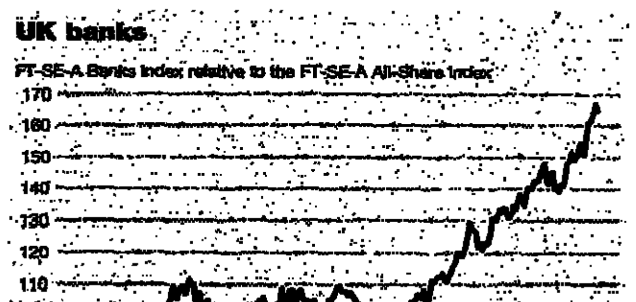
Yet after TSB's announcement this week of full-year pre-tax profits of £301m, accompanied by a 20 per cent increase in the dividend, sentiment is changing. Brokers' analysts think the best capital gains are past, and investors should look towards banks' ability to raise dividends.

That was reinforced by movements in bank shares yesterday, with Abbey National gaining 18p to 520p on hopes that it would follow TSB in raising its 1993 dividend sharply. Along with TSB, Abbey is one of the best-capitalised banks, with a ratio of core capital to risk-weighted assets of 9.4 per cent.

Peter Toeman, of Hoare Govett, says banks have undergone a miraculous transformation because of their share rise, from being among the highest yielding sectors to the fifth lowest-yielding one. This is because investors anticipate that they will use accumulating capital to raise dividends.

UK banks

FT-SE-A Banks index relative to the FT-SE-A All-Share index



Source: FT Graphite

During the 1980s bank shares were bought for income from dividends rather than capital gains because banks are highly cyclical. They yielded between 1.4 and 1.6 times the All-Share throughout the 1980s. The steady fall to yesterday's 20 per cent yield discount started about three years ago.

Toeman says that this discount – unusual for banks – has emerged because banks are seen to be building up capital which will be used to raise dividends to parity with the All-Share. "Investors are driven by this expectation and are trying to work out the best prospects," he says.

The broad potential of banks to raise dividends is already clear. Three banks – Barclays, Standard Chartered, and Midland – cut dividends during the recession. Because domestic loan is likely to remain weak, the banks which are now generating cash are unlikely to absorb it by growing their assets.

Even with five per cent growth in risk-weighted assets, Hugh Pye, an analyst at Barclays de Zoete Wedd, estimates that Lloyds Bank would reach a core capital ratio of 8.1 per cent by 1995. This is both double the regulatory minimum of 4 per cent, and well above the comfort level of 6 per cent.

Judging banks on dividend growth potential implies looking for those with strong capital, and the best chance of raising operating profits. Pye says this implies a switch "from recovery to quality" – from banks like Barclays and National Westminster to those with better growth prospects.

Abbey, TSB, HSBC Holdings and Royal Bank of Scotland all have strong capital already. Toeman argues that TSB shares are still cheap because its capital means it is capable of raising the dividend at a compound rate of 20 per cent a year if the bank's management absorbs capital in this way.

Pye says investors should look for banks which not only have strong capital but can increase operating income in an era of weak demand. He says that Abbey is strongly placed in this respect because it has a good market share in home mortgages.

But judging banks on dividend potential means taking the risk that managements of well-capitalised banks will not opt simply to retain the cash. As the wily slot machine gambler knows, a machine's failure to pay out in the past does not guarantee that it will do so in future.

John Gapper

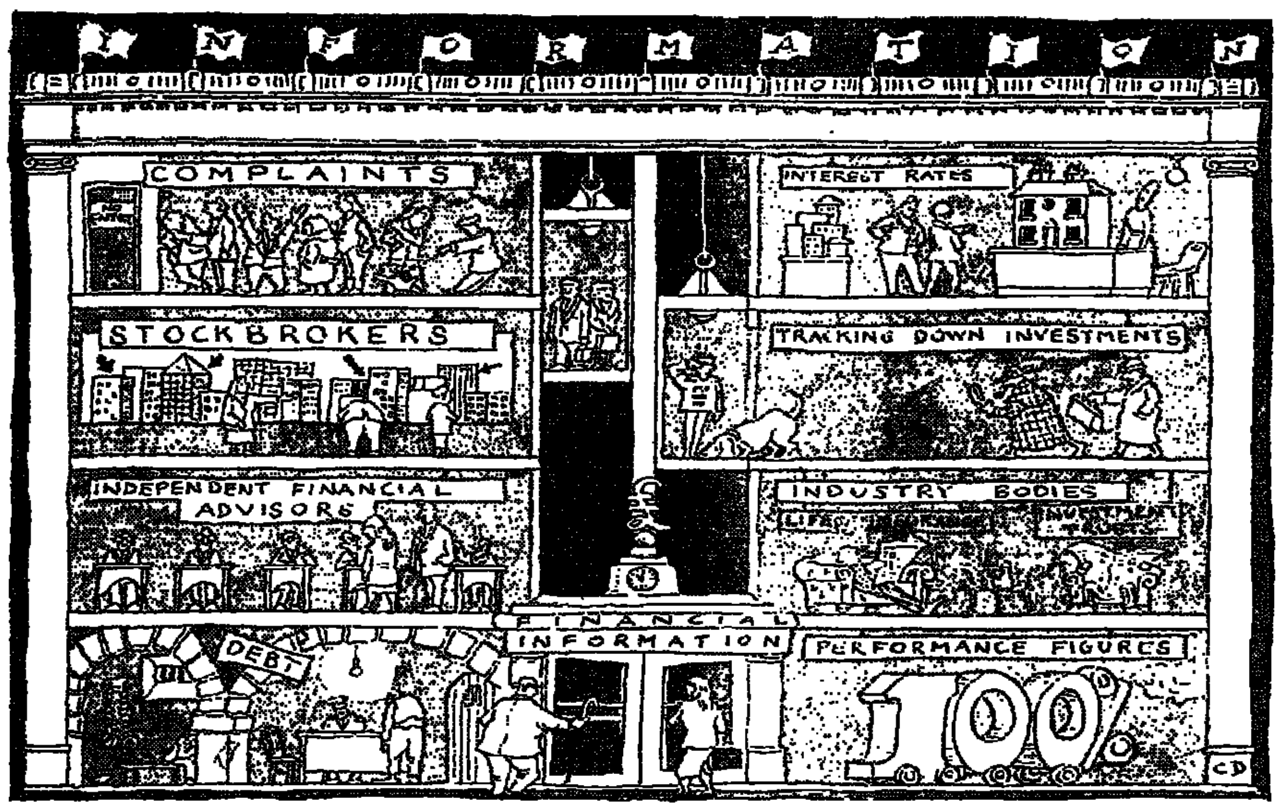
FINANCE AND THE FAMILY

The people you need to know in the City

***Scheherazade Daneshkhu and Bethan Hutton** offer names and addresses for savers and investors who need advice, information or help*

The world of personal finance is complicated and it can be difficult for individuals new to the subject to find out where to look for advice, where to find information if they want to go it alone, and where to complain if it all goes wrong.

The financial services industry is always changing but the sources of information are more constant. We offer below a guide to the more common areas of personal finance.



■ **FINANCIAL ADVICE**

Independent financial advisers fall into two main categories: those who are remunerated by commission and those who charge fees. *Finance and the Family* has always recommended fee-based advice to ensure there is no conflict between an adviser's need to make a living and the quality of advice he gives to the client. Our sister publication Money Management keeps a list of fee-based advisers. The complete list costs £1,000 + VAT but if you simply want the names of advisers in your area, state you postcode and a shorter list will be sent to you free of charge.

The Registry of Financial Planning is a list of IFAs, indicating which are fee-based and is available free. IFA Promotion, which was established in 1992, operates a consumer telephone line (0483-461461), and can send inquirers an information pack and the names of six local IFAs. However, most will be remunerated by commission.

Money Management Fee-based Adviser Register, Financial Times Business Information, Greystoke Place, Fetter Lane, London EC4A 1ND. Tel: 071-405-6969.

Registry of Financial Planning at the Institute of Financial Planning, Hereford House, East Street, Hereford HR1 2LU. 0432-274-891.

■ **PERFORMANCE FIGURES**

If you have investments in unit or investment trusts, you can check on the unit or share price in the FT every day, but you may also want to find out how they compare with similar funds. *Finance and the Family* uses fund performance statistics from two agencies: Hardwick Stafford Wright and Micropal. They each produce a range of statistics every month, with separate packs on investment trusts, unit trusts, offshore funds, pension funds and so on. However, subscriptions are expensive for the private investor: HSW charges £150 a year per type of fund, for example. Most private investors would not need that amount of detail every month.

HSW, London & Manchester House, Park Green, Macclesfield, Cheshire, SK11 7NG. 0625-511311.

Micropal has launched a monthly publication *Investment Tracker*, giving performance figures for unit and investment trusts, pension funds, popular share issues and stock market indices. The cost is £40 for a single copy or £380 pa. Micropal, Commonwealth House, 2 Chalkhill Rd, London W6 8DW. 081-741-4100.

An alternative is the FT publication, Money Management, which is aimed mostly at professional financial advisers, but can be useful for the keen amateur. It runs surveys of financial products, is published monthly, and includes performance tables of unit and investment trusts, investment funds and sterling-converted offshore funds over different periods. A single issue costs £4.50. (For address, see Financial Advice, above.)

Chase de Vere publishes an annual guide to Peps, costing £9.95, refundable if you buy a Pep through the firm. Half yearly performance guides cost £2. Chase de Vere, 63 Lincoln's Inn Fields, London, WC2A 3JX. 071-404-5766.

■ **SAVINGS/MORTGAGE RATES**

Where do you look if you want to know who is offering the best mortgage deal, or where you can earn the highest interest rates on your savings?

Moneyfacts is the source of the "Highest rates for your money" table which we publish every week. It also publishes a highly detailed monthly guide to bank and building society accounts, mortgages, loans, credit cards, National Savings and so on. An annual subscription costs £38.50, but for a free sample copy, call 0692-500677.

■ **SHARE INFORMATION**

ProShare, the body which was set up with government funding to promote wider share ownership, has a Guide to Information Sources for the Private Investor. The list includes newspapers and reference books as well as telephone information lines (such as FT Cityline), investment analysis software and TV share-price information, such as Ceefax and Teletext.

The Guide evaluates the source of information for simple language, value for money, ease of use and whether it is up-to-date. It is free to ProShare members but otherwise costs £4.95 + 50p p&p.

ProShare Association, Library Chambers, 13 & 14 Basinghall Street, London EC2V 5BQ. 071-600-0984.

The New Issue Register is a database which aims to give private investors privileged treatment in new share issues. Membership entitles you to a monthly newsletter and a telephone hotline which gives notice of forthcoming issues as well as information about the new issue market. Annual membership is £75 plus VAT. Butlers Wharf Business Centre, 45 Curlew Street, London SE1 2ND. 071-357-6608.

■ **STOCKBROKERS**

If you cannot find a broker through personal recommendation, the Association of Private Client Investment Managers and Stockbrokers has a free directory of private client stockbrokers which gives details of the services offered by its members.

Apcims, 112 Middlesex St, London, E1 7HY. Call 0891-335521 for the directory.

■ **COMPLAINTS**

There are so many regulators and ombudsmen in the financial services industry that the difficulty of finding the right person to complain to can deter some people.

The procedure for complaints is always to approach the company first, and only after that, the relevant self-regulatory body. The final stage is to take the matter to the ombudsman, if there is one. Keep photocopies of all correspondence.

You can find out which body is responsible for the firm about which you wish to complain by calling the central register hotline of the Securities and Investments Board, the chief regulatory body, on 071-929-3652.

SIB also has a number of useful free pamphlets which include: *Background to Investor Protection, How to Spot the Investment Cowboys, Investment Business: What to do if you need to complain, Compensation for Investors.*

SIB, Gavrelle House, 2-4 Bunhill Row, London EC1Y 8RA. 071-638-1240.

■ **SELF-REGULATORY BODIES**

■ **Financial advisers:** Fimbra (Financial Intermediaries, Managers, Brokers Regulatory Association), Hertsmere House, Hertsmere Road, London E14 4AB. 071-538-8860.

If a Fimbra member has gone into default and you have grounds for compensation, write to the Investors Compensation Scheme at SIB at the address above.

Insurance agents and unit trusts: Lautro (Life Assurance and Unit Trust Regulatory Organisation), Centre Point, 103 New Oxford Street, London WC1A 1QH. 071-379-0444.

Investment companies: Imro (Investment Management Regulatory Organisation), Broadwalk House, 5 Appold Street, London EC2A 2LL. 071-628-6022.

Stockbrokers: Securities and Futures Authority, Cottons Centre, Cottons Lane, London SE1 2QB. 071-378-9000.

■ **Ombudsmen:**

Banking Ombudsman, 70 Gray's Inn Road, London WC1X 8NB. 071-404-9944.

Building Societies Ombudsman, 35-37 Grosvenor Gdns, London SW1X 7AW. 071-931-044.

Insurance Ombudsman, Citygate 1, 135 Park Street, London SE1 9EA. 071-928-7600.

The Investment Ombudsman, 6 Frederick's Place, London EC2R 8BT. 071-796-3065.

The Occupational Pensions Advisory Service acts as a free advisory service on pensions 071-233-8080.

The Pensions Ombudsman (071- 834-9144) will not usually deal with complaints unless they have first been through OPAS. The two bodies share the same address at 11 Belgrave Road, London SW1 1RB.

■ **Professional Bodies:**

These are regulated by the Recognised Professional Bodies.

The main ones are:

Chartered accountants. There are three chartered accountancy institutes. The addresses for complaints are: Institute of Chartered Accountants in England and Wales, Gloucester House, 399 Silbury Boulevard, Central Milton Keynes, MK9 2HL, 0908-48200; Institute of Chartered Accountants in Scotland, 27 Queen St, Edinburgh EH2 1LA; and Institute of Chartered Accountants in Ireland, 87-89 Pembroke Road, Dublin 4.

Certified accountants. Chartered Association of Certified Accountants, 29, Lincolns Inn Fields, London, WC2A 3EE, 071-242-6855.

Lawyers. In England, the Complaints Office, Law Society, Portland House, Stag Place, London SW1E 5BL. The corresponding address for the Law Society of Scotland is 26 Drumsheugh Gardens, Edinburgh EH3 7YR.

Actuaries. Institute of Actuaries, Staple Inn Hall, High Holborn, London WC1V 7QJ. 071-242-0106.

Insurance Brokers. Insurance Brokers Registration Council, 15 St Helens Place, London EC3A 6DS. 071-588-4387.

■ **LOST INVESTMENTS**

If you discover forgotten share certificates, insurance documents, building society passbooks or similar and want to know what they are worth, first write to the last known address for the company or organisation. If that produces nothing, write to the appropriate industry body (see above), to find out whether the company is still in business, or has changed name, merged or collapsed. After that, more detective work may be necessary, using back copies of yearbooks and newspapers.

■ **INDUSTRY BODIES**

These are associations for companies or institutions with a similar purpose. They often act as public spokesmen on general policy, and can also be a useful source of information on their industry and members, but are not the right destination for complaints. Most prefer communication in writing.

Association of British Insurers: 51, Gresham Street, London EC2V 7HQ.

Association of Investment Trust Companies: Park House, 6th Floor, 16 Finsbury Circus, London, EC2M 7JJ.

Association of Unit Trusts and Investment Funds: 65 Kingsway, London, WC2B 6TD.

British Bankers Association Press and Information Office, 10 Lombard Street, London, EC3V 9EL.

Building Societies Association: 3, Savile Row, London, W1X 1AF.

National Conference of Friendly Societies, Park Gate, 21 Tothill Street, London, SW1H 9LL.

Register of Friendly Societies: 15, Great Marlborough Street, London, W1V 2AX.

■ **DEBT**

Getting into trouble with debt can be frightening and embarrassing. If you think debts are getting on top of you, first seek help at a Citizens Advice Bureau or Money Advice Centre (look in the phone book for your local office). Many CABs have specialist money advisers.

The National Debtline, in Birmingham, is a telephone advice service which can talk you through problems, and also sends out information packs. It is staffed Mondays and Thursdays 10-4pm, and Tuesdays and Wednesdays 2-7pm. There is an answering machine at other times. Tel: 021-359-8501

FINANCE AND THE FAMILY

Pension loophole closes

The Finance Bill contains a nasty surprise for some Furbs holders, writes **Debbie Harrison**

The Finance Bill, which turns the Budget into law and was released this week, sometimes manages to slip in previously unannounced details.

In the case of "unapproved" pension schemes, the Finance Bill closed a loophole that previously allowed high earners to use these schemes to achieve tax-free roll-up of the fund and a tax-free lump sum benefit.

It went a stage further than the Budget, which referred specifically to offshore "Furbs" (funded unapproved retirement benefit schemes), where the pension trust was sited in Jersey or Guernsey. The new anti-avoidance measures also include insurance-based schemes set up in the UK which channel funds into foreign insurance policies to avoid tax on the growth of the fund.

Furbs were designed to top up pensions for employees caught by the "earnings cap", currently £75,000 rising to £76,800 for the 1994/95 tax year.

The main difference between standard company schemes and Furbs is that contributions to approved schemes benefit from tax relief, the pension fund grows free of income and capital gains tax, while the pension itself is taxed as income, although a proportion of the fund can be taken as a tax free cash lump sum.

Under a Furbs, the employee is taxed on the employer's contributions which are treated as a benefit in kind, the fund is subject to income and capital gains tax, but the whole of the benefit can be taken as a tax free lump sum on retirement.

However, a loophole in the law allowed employers to establish a Furbs offshore to achieve tax free roll up of the fund in addition to the other advantages. The Budget blocked this tax avoidance route for any scheme set up after 30 November 1993. For new Furbs, the employee's top rate of tax will be charged on the difference between total contributions paid in and the total fund that emerges at retirement. In this way the tax treatment of offshore Furbs will be brought into line with onshore Furbs.

Some Furbs based in the UK have sought to avoid income and capital gains tax by moving the fund abroad. This was achieved by redirecting the employer's contributions paid to the UK trust into unit-linked policies of foreign insurance companies. In some cases further tax charges on the employer were avoided by using the premiums to purchase "deferred annuities" – contracts that guarantee to pay a regular income for life with effect from a specified future date.

John Mackay, a senior tax manager with accountant Ernst & Young, said that these arrangements were also caught by the Finance Bill which he described as having a "cluster bomb" effect on Furbs. "Moreover," he warned, "previously benefits could be taken in the form of insurance policies but now the only way to guarantee tax free status is to take cash."

■ Investors in gilts through a unit trust will be able to use the capital gains tax indexation allowance to mitigate gains, according to a clause in the finance bill, writes **Scheherazade Daneshkhu**.

Investors in assets normally exempt from capital gains tax, such as gilts, have had to pay the tax when these assets are held in a unit trust or offshore fund.

Wealthier investors who pay CGT, may now find it worthwhile to invest in gilts through a bond fund, despite the charges, in order to use indexation. However, indexation can only be used to reduce gains. In the November Budget, the chancellor abolished the use of indexation to create or increase losses.

Insurers hold bonuses static

More insurance companies announced their 1994 bonus rates for with-profits policies this week. The general trend is still for static or slightly lower bonuses, although a few insurers have announced special additional bonuses for longer-term policies.

Actual maturity values for policies paying out this year are mostly lower for 10-year terms, but there are both slight increases and minor cuts over 25 years.

Many insurers have warned that bonus rates are likely to fall over the next few years, as investment returns are expected to be lower.

Guardian Royal Exchange, which no longer sells with-profits endowments, is the lowest payer so far: the maturity value of a 10-year policy, taken out by a man aged 29 paying £30 a month, is £4,952, while a 25-year policy is worth £44,379. Sun Alliance is better, at £6,115 and £52,640, both of which are up a little from last year.

Scottish Mutual has increased payouts over both 10 and 25 year terms. The 10-year pay-out is £6,785, up 2.6 per cent, and the 25-year figure is £63,205, up 14.7 per cent.

Commercial Union improved its 25-year pay-out by 4.2 per cent to £65,599, the highest 25-year pay-out announced so far this year, while its 10-year pay-out is £6,807, down 5 per cent but still better than average. The highest 10-year pay-outs so far are from Royal London, at £7,198, and the Royal National Pension Fund for Nurses, at £7,060, though it revises its rates in April.

NPI, which specialises in pensions business, has cut pay-outs by an average of 5 per cent. A sum of £10,000 paid into a 10-year single-premium pension plan, for a man retiring at age 65, would now be worth £35,508, down 10 per cent, while a 25-year policy would pay £169,366, up 2 per cent.

Bethan Hutton

The Week Ahead

Analysts expect

On Thursday analysts will be expecting a good rise in interim profits from Carpetright, from about £5.2m to £5.5m, although as it was not a public company a year ago, forecasting numbers is difficult. But last October the company said sales had been above expectations since the May 1 year end.

Gestetner Holdings, the office and photographic equipment distributor, is expected to announce full-year pre-tax losses of up to £38m on Thursday after taking a £48.3m provision at the interim stage, mainly to cover the restructuring of its European operations.

The results will be the last before Inchcape, which bought a 15.3 per cent stake in Gestetner in May, must decide whether to exercise its option to acquire convertible unsecured loan stock enabling it to lift its stake to 24.6 per cent.

The exercise price on the option, which expires on July 1, is equal to 172p a share – well above the current 140p level.

On Tuesday Photo-Me International, the world's largest photo-booth manufacturer and operator, is likely to report first-half pre-tax profits little changed from last years' level of £10.5m.

Slack summer demand for Christmas goods is expected to hold back the performance of Park Food Group, which specialises in supplying Yuletide hampers through a network of commission-paid agents.

Analysts are predicting interim losses on Friday of at least £4m in the six months to September 30 compared with a £3.69m pre-tax loss at the half-way stage in 1992.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aberdeen Trust	OtFn	Sep	3,100	(1,700)	2.46	(1.53)	1.5	(1.5)
Barr (AG)	FdMa	Oct	4,070	(5,970)	15.51	(21.57)	6.5	(6.5)
Dewhurst	Elec	Oct	935	(850)	5.62	(5.1)	2.06	(1.89)
Dragon Oil	O&G	Oct§	506	(313 L)	-	(-)	-	(-)
First Leisure	H&L	Oct	31,800	(31,100)	14.75	(15.83)	6.53	(6.14)
First National Fin.	OtFn	Oct	22,800 L	(57,000 L)	-	(-)	-	(-)
Hawtin	Text	Sep	2,170	(776)	2.2	(0.66)	0.95	(0.89)
Irish Continental	Tran	Oct§§	4,740	(4,150)	27.0	(21.8)	3.0	(2.42)
Jersey Electricity	n/a	Oct	6,030	(7,720)	361.0	(418.0)	37.0	(36.0)
M & W	FdRe	Oct	2,770	(2,030)	12.52	(8.17)	3.0	(2.5)
Microgen	PP&P	Oct	6,700	(8,240)	10.5	(13.8)	7.25	(7.25)
Minstergate	n/a	Aug	1,280	(1,200)	30.55	(0.72)	-	(-)
Neotronics	Elec	Sep	2,330	(3,030)	5.73	(7.65)	2.6	(2.6)
PWS Holdings	InBr	Sep	2,400	(1,200)	6.8	(4.4)	2.5	(2.5)
Quality Care Homes	H&H	Oct	3,000	(1,840)	17.5	(11.8)	4.5	(0.9)
Rank Organisation	H&L	Oct	278,800	(125,800)	46.5	(8.1)	31.0	(31.0)
Securicor	TeNe	Sep	63,000	(47,300)	30.2	(20.0)	2.98	(2.62)
Security Services	TeNe	Sep	43,300	(30,700)	26.6	(14.9)	5.68	(5.03)
Southern Business	Misc	Sep	12,200	(15,300)	8.44	(10.62)	3.72	(3.38)
Stakis	H&L	Oct	10,400	(47,700 L)	2.81	(-)	1.0	(0.45)
Treatt	FdMa	Sep	1,660	(1,270)	12.27	(9.37)	4.0	(3.6)
Tribune Newspapers	InTr	Jun§§	463 L	(1,150 L)	-	(-)	-	(-)
TSB Group	Bnks	Oct	301,000	(5,000)	12.7	(1.7)	7.68	(6.4)
Watson & Philip	FdRe	Oct	12,500	(10,300)	26.0	(21.7)	14.3	(13.3)
West Midlands Travel	n/a	Mar	9,600	(9,800)	-	(-)	-	(-)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Barrow Hepburn	n/a	Sep	7,320	(4,520)	-	(-)
Bromsgrove Industries	Eng	Sep	3,140	(4,000)	1.65	(1.65)
Clark (Matthew)	B&D	Oct	3,430	(2,420)	7.25	(6.75)
Cray Electronics	Elec	Oct	7,800	(17,800)	0.75	(0.5)
Debenham Tewson	Prop	Oct	1,650	(936)	1.5	(1.2)
Dudley Jenkins	Misc	Oct	430	(383)	1.05	(1.0)
Ellis & Everard	Chem	Oct	8,500	(6,500)	2.45	(2.25)
Fleming Geared Inc.	InTr	Nov	2,390	(2,580)	0.75	(2.97)
Goode Durrant	Cngl	Oct	4,290	(1,800)	2.2	(2.15)
Hollas	Text	Sep	254 L	(255)	0.3	(0.6)
Howden Group	OtFn	Oct	9,450	(6,050)	0.82	(0.75)
Jacques Vert	Text	Oct	833	(196)	1.5	(1.0)
Kelt Energy	O&G	Sep	3,240	(829)	-	(-)
Nobo	Misc	Oct	965	(403)	2.0	(1.5)
Property Trust	Prop	Sept	102	(426)	-	(-)
PSIT	Prop	Sep	5,380	(3,900)	1.75	(1.5)
Saville (J Gordon)	M&MF	Oct	2,620	(1,280)	1.0	(0.5)
Savills	Prop	Oct	1,190	(163)	0.75	(-)
Smith (David S)	PP&P	Oct	13,700	(15,200)	2.75	(2.75)
Tomkins	Cngl	Oct	93,800	(47,100)	2.06	(1.805)
VHE Holdings	C&C	Sep	1,770	(1,500)	1.1	(-)
Wyko Group	Eng	Oct	333 L	(121)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L loss. † Net asset value per share ❖ Figures for 9 months. ɸ Figures for 28 weeks. §§ Figures in Irish pounds and pence. § Figures in US dollars and cents.

RESULTS DUE

Company	Sector	Anncmnt due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
Aberforth Smaller Co's	InTr	Tuesday	2.1	2.5	2.1
Alexander Holdings	Mtrs	Tuesday	-	-	-
Cardiff Properties	Prop	Friday	0.85	1.55	0.85
City Site Estates	Prop	Thursday	-	-	-
CMA	n/a	Tuesday	-	-	-
Contra-Cyclical Holdings	InTr	Thursday	-	-	-
Davenport Vernon	Mtrs	Wednesday	-	-	-
Denmans Elec	Elec	Tuesday	1.8	4.3	1.9
Division Group	Elec	Wednesday	-	-	-
Everards Brewery	n/a	Tuesday	-	-	-
Geared Income Investment Tst	InTr	Thursday	1.5	-	1.75
Gestetner	Misc	Thursday	1.8	6.4	1.8
Heath (Samuel) & Sons	Misc	Tuesday	1.5	5.5	-
Hidong Estate	n/a	Friday	-	-	-
Hill & Smith Holdings	Eng	Thursday	2.1	3.9	2.1
Hunterprint	PP&P	Tuesday	-	-	-
LPA	Elec	Friday	1.65	1.87	1.65
London & Clydesdale	C&C	Wednesday	1.8	2.7	1.8
London Scottish Bank	OtFn	Wednesday	0.95	2.05	1.03
Lookers	Mtr	Tuesday	2.0	4.2	2.0
Malvern UK Index Tst	InTr	Friday	1.7	2.07	1.7
Park Food Group	FdRt	Friday	2.0	4.0	-
RCO	BsSr	Wednesday	4.62	9.24	4.95
Selective Assets Tst	InTr	Friday	-	1.2	-
Soundtracs	Elec	Monday	0.85	1.35	0.92
St Andrews Trust	InTr	Friday	2.7	4.85	2.7
Windsor	InBr	Tuesday	-	-	-
INTERIM DIVIDENDS					
Abtrust Scotland Inv	InTr	Monday	-	0.6	-
Aerospace Engineering	Eng	Monday	0.25	0.5	-
Aim Group	Eng	Thursday	1.5	6.0	-
Barbour Index	BsSr	Wednesday	2.55	5.45	-
Beales Hunter	Elec	Wednesday	2.45	6.95	-
British Bloodstock	Misc	Friday	-	-	-
Budgens	FdRt	Thursday	-	1.0	-
Carclo Engineering	Eng	Monday	3.4	3.4	-
Carpetright	Strs	Thursdsay	-	-	-
Colorvision	Strs	Monday	2.5	3.1	-
Court Cavendish	n/a	Monday	-	-	-
Crest Packaging	n/a	Thursday	-	-	-
Dalepak Foods	FdMa	Monday	1.5	4.5	-
Daejan Holdings	Prop	Wednesday	12.0	15.0	-
Dunedin Japan Inv. Trust	InTr	Wednesday	-	-	-
Electron House	Elec	Wednesday	1.05	1.55	-
Exmoor Dual Inv. Trust	InTr	Wednesday	-	1.65	-
Hampson Industries	Eng	Thursday	0.4	1.2	-
McKay Securities	Prop	Thursday	-	3.5	-
Northern Ind. Imp. Tst	OtFn	Monday	9.0	16.0	-
Peel Holdings	Prop	Monday	1.0	3.0	-
Photo-Me	Misc	Tuesday	1.4	3.2	-
Ransom (William) & Sons	H&H	Thursday	0.53	1.38	-
Shield	Prop	Friday	-	-	-
Stanley Leisure	H&L	Tuesday	1.52	2.8	-
Whinney Mackay Lewis	Prop	Thursday	-	-	-
Wood (John D)	Prop	Thursday	-	-	-
YRM	Prop	Tuesday	1.65	2.35	-
Zetters Group	H&L	Tuesday	4.0	4.0	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.
Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.‡‡ = 3rd Quarter figures. ✱ 1st Quarter figures.

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Bennett & Fount ‡	2*	4¼	4	2.10	Marlowe
Central Ind T/V	2600	2948	2168	758.00	Carlton Comms.
LWT	660	668	585	682.68	Granada

*All cash offer. ††Value of bid based on 30% stake. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 14/1/94. §§Shares and cash. †Value of bid based on remaining 20% of shares. ❖Value of bid based on remaining 25% of shares. ‡ Net asset Value.

FINANCE & THE FAMILY

Ringing in the revolution

***Bethan Hutton** looks at the way technology is affecting financial services*

The British are becoming more comfortable with telephones, and this is causing a revolution in financial services. More than 90 per cent of households in the UK now have a phone and, although it sometimes seems difficult to escape, it also means you are within easy reach of your banker, insurance broker or stockbroker.

Telephone-delivered services are a hot item in mass-market financial services, but they have been warming up for years. In the mid 1980s, computers seemed the answer to everything. Every home was expected to contain a computer within a few years, so linking your computer with the bank's computer by means of a phone line seemed logical.

Bank of Scotland was the real pioneer in UK telephone banking with its computerised Home Office Banking Service, launched in 1985. Other banks followed with systems using home computers, specially-designed terminals, or voice- or tone-activated systems. But almost 10 years on, there are still many technophobes around, who do not feel comfortable plugging a computer into their phone socket, or holding a tone-pad to the mouthpiece.

The financial services industry soon realised that although people were happy using the phone, what they mostly wanted was human contact, not screeching modems. So telephone and computer-based services where the interaction is with a person have taken off – look at the success of Direct Line in the general insurance market. It could not operate without sophisticated information technology, but customers deal with a friendly, human being at the end of a phone.

First Direct, the independent Midland offshoot launched in 1989, has shown the way for personal banking with a similar formula. Many of the banks which rushed to offer computer-based services in the late 1980s are giving up on the high-tech approach and going for real people instead.

The TSB is phasing out its Speedlink service, to be replaced with a 24-hour fully staffed operation. Lloyds gave up on its computerised phone service in 1990, and is now planning to join the club of telephone bankers with a human touch later this year. Barclays has successful pilots for its new personal service running in several regions, and is planning to go national in due course. NatWest has both the computer-based ActionLine, and PrimeLine, a centralised, personal-contact service for customers earning more than £18,000.

Telephone banking

Bank	Contact	Overdraft§	Hours#
Barclays*	Person	Yes	7am-11pm
Bank of Scotland	Computer or	No	7am-1am
	Person	No	6am-midnight
Co-op	Person	Yes	6am-midnight
First Direct	Person	Yes	24 hours
Girobank	Person	Yes	8.30am-8.30pm
NatWest	Tonepad or	No	24 hours
	person	Yes	8am-10pm
N & P	Tonepad	No	24 hours
TSB*	Person	Yes	24 hours

* Pilot schemes # on weekdays § can overdraft be arranged over the phone?

The Bank of Scotland still operates HOBS, and has many loyal customers for it, but it has also succumbed to the human revolution, and launched Phone Line, a real people service, as well. Earlier this month, Bristol & West became the first building society to offer a 24-hour, fully-staffed telephone service for investors.

However, First Direct has not been the model in all ways. It is a centralised operation, with no branches, and customers are not allocated to a particular manager. The majority of the rival services are designed as supplements to branches: customers have a choice of voice-to-voice or face-to-face contact, and they can still feel that somewhere there is a manager with personal responsibility for their account.

The attraction of telephone banking for most people is speed and convenience. You do not have to visit the bank branch except to pay in cheques (and that can be done by post). There is certainly no need to queue to pay the gas bill, change a standing order or direct debit, check your balance, order a cheque book and so on. Some banks let you order foreign currency over the phone, haggle over your overdraft, or even arrange a mortgage or buy and sell shares.

Girobank says its most common service over the phone is giving an up-to-date account balance, followed by chequebook requests and checks on whether a salary or some other payment has been paid in.

Additionally, all the telephone banking services are open for longer hours than normal banks, including at weekends. First Direct says that more than half of its calls are outside normal banking hours. It is even open on Christmas day. The Co-op says its busiest time is between 10 am and 11am on Mondays and its daily peak is between 4.30 pm and 5.30 pm – obviously, even though most services use local rate telephone numbers, many customers prefer to call on company time.

When banks offer a personal telephone service as an add-on to standard branch-based accounts, the service is usually free (apart from the cost of the call), and account charges are the same as usual. You may have to pay extra for computer-linked services, particularly if you need a special terminal. Telephone-only accounts – such as First Direct or NatWest's PrimeLine – will have different charging structures from the bank's other accounts, so you will need to check whether they are good value for your pattern of use.

Security is a concern for many people. All telephone banking systems use passwords or personal identification numbers, and usually other pieces of personal information, such as your mother's maiden name or a memorable date. Although not all the information will be requested each time you make a call, it is better not to make a habit of calling frequently within earshot of the same person.

One other worry is what happens in cases when there is a dispute between you and the bank over your instructions – you do not have the comfort of a stamped cheque stub or bill as proof of your transaction. It is sensible to make your own notes on each phone call. If the bank says it has no record of your request, what do you do?

Some telephone banks, such as First Direct and Barclays, prevent such problems by tape-recording all calls. Others just tape a proportion or make notes. The Co-op sends written confirmation of all telephone transactions, so that any discrepancies can be caught early.

Directors' transactions

Timely sales made

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
BTR	Divl	275,000	1,029	1
Caradon	BM&M	20,000	82	1*
EMAP	Mdia	16,350	69	1
GBE Intl	Eng	36,000	30	1
Grand Metropolitan	SW&C	149,824	872	1*
Hanson	Divl	4,200	11	1
Independent Newsppr	Mdia	250,000	1,125	1
Life Sciences Intl	Hlth	68,000	102	1
Marks & Spencer	RetG	15,000	58	1*
Mercury Asset Mngmt	OthF	2,594	19	1
Pearson	Mdia	30,000	188	1*
Premier Land	Exln	4,415,337	298	1
Radius	SSer	70,500	18	2
Reed Intl	Mdia	20,000	183	1*
SEP Ind (inc pref)	Dist	853,956	316	2
Senior Eng Group	Eng	10,000	13	1
Sheriff Hlgds	BCon	25,000	64	1
Smith New Court	OthF	280,000	1162	2
Tarmac	BM&M	12,000	21	1
Trafalgar House	Divl	10,500	12	1
Vega Group	SSer	690,000	1,449	3
Weir Group	Eng	18,680	60	1
Wetherspoon JD	Brew	180,000	684	1
Wilshaw	BM&M	150,000	59	1
Willis Corroon	Insu	7,500	18	1
Yorkshire Water	Watr	2,090	13	1
PURCHASES				
AAH Holdings	Hlth	5,000	25	1
Betterware	RetG	12,297	16	1
Burnfield	Eng	15,000	10	1
Cattle's Holdings	OthF	20,000	35	2
Clarke Nickolls & C	Prop	54,250	15	1
Devlpmt Secs (open)	Prop	2,353,846	765	2
Dewhirst Group	Text	100,000	99	1
EMAP	Mdia	7,500	32	1
Holliday Chem Holgs	Chem	10,000	16	1
Kalamazoo	SSer	15,000	15	1
Marshalls(inc CCRP)	BM&M	11,750	15	1
Osprey Comms	Mdia	125,000	51	1
Radius	Text	47,000	12	2
Siebe	Eng	8,000	46	1
Watts, Blake Bearne	Exln	5,028	13	3
Wellman (pref)	Eng	100,000	90	1
Willis Corroon	Insu	10,000	24	1

Value expressed in £000s. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 4 - 7 January 1994.
Source: Directus Ltd, The Inside Track, Edinburgh

As the revelry of the new year dies, director activity continues with a mixture of judicious purchases and timely sales.

Vega Group, involved in the provision of computer software systems, came to the market in June 1992 and its shares have out-performed the market by 67 per cent over the past 12 months.

Following the strong growth, directors have been selling stock: Christopher Duckworth, the finance director, sold some back in September; more recently he has joined with two other directors, John Rigg, the chairman, and Angus Johnson to sell a total of 690,000 shares at 210p per share. Johnson and Rigg both retain sizeable stakes but Duckworth's holding has been cut considerably.

Smith New Court, the City stockbroker and market maker, saw its share price rise 220 per cent over the past year. Given such a movement, it is not surprising that directors are taking some of the cream off the top.

Two directors have sold a percentage of their stock: Anthony Abrahams has more than halved his holding and Michael Heath has cut his by one third, both at 415p.

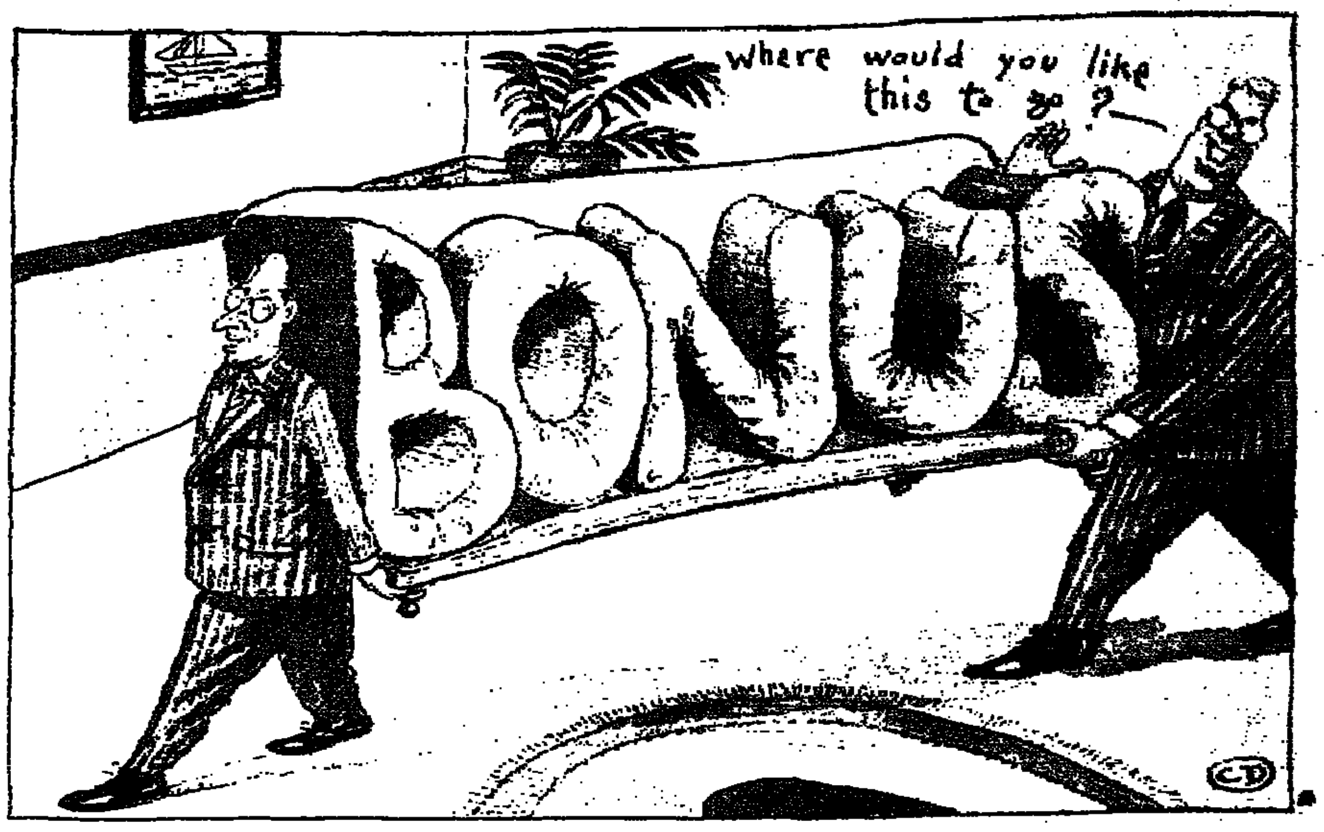
After Osprey Communications announced its final results, Ronald Sidaway, an executive director, bought 125,000 shares at 41p. This increases his holding to almost 500,000 shares and reflects the note of optimism the chairman sounded in his year-end statement.

Colin Rogers,
The Inside Track

FINANCE AND THE FAMILY

Playing safe with the big bonuses

***Sara Webb** asks the City slickers how they are using their rewards*



The recession has instilled a sense of caution among City employees, and while bonuses for the last financial year are likely to be more generous than in the recent past, many of the people working in the financial sector are saving rather than splashing out.

The rally in the stock and bond markets last year meant that many City firms made bumper profits from their trading activities and are expected to reward their staff accordingly at bonus time.

"The feeling is that 1993 was a pretty exceptional year and people know they are unlikely to see the same kind of profits in 1994, because it was a one-off," said one trader. "Whatever it is I get eventually, I won't be buying a round-the-world holiday. I'll be saving it."

Some City firms will not pay their staff bonuses until the end of January or even later in the spring when the company's accounts have been done.

At the top end of the league, Kaveh Alamouti, a trader at Tokai Bank's London operation, attracted considerable attention when he reputedly earned £9m in 1992 combining his salary and bonus.

Goldman Sachs, the US investment bank which was one of the first to award its bonuses for 1993, paid 70 of its London-based executives $1m or more. With sums that many in the City are keen to use whatever tax shelters are available, although highly-paid individuals rue the fact that certain tax schemes have been closed.

One arbitrage dealer said he has ploughed much of the money back into the markets in which he specialises, although he added that he is unusual, since "many people who work in the City are not particularly good at managing their own financial affairs".

"The bonus" is a sensitive subject, and not one that people like to be quoted on, as it can draw unwanted attention to a firm. "People tend to be a bit reticent about how they are spending their bonus, although you find that someone is likely to just let it slip into conversation if they have made some money in an emerging market," said one trader.

Anecdotal evidence from the trading floors suggests that while one or two might be thinking of buying a yacht, many are choosing to regard this as a one-off reward, to be saved or invested carefully.

"I know it sounds boring, but I'm just going to use the money to help pay off my mortgage," said one senior economist at a Japanese bank in London. This seems to be a common approach, particularly by those in their late 20s or early 30s who may have come into the financial sector too late to enjoy the fruits of the 1980s bonus bonanza.

"I expect I shall use the money to redecorate my house – I've just moved, and the previous owner had dreadful taste and painted everything battleship grey," said an economist at a UK bank.

Investment advisers support the view that those in the financial sector are erring on the side of caution this year. "They've all suffered a little, these are the good times after the bad and there's a degree of prudence," said David Major, tax partner at Touche Ross.

In many cases these private clients are following the basic principles of financial planning. That means taking advantage of the tax-efficient plans such as Tessas, Peps and National Savings.

While the ceilings on these schemes are low, Major says considerable tax savings can be made, especially if both husband and wife use the schemes.

John Bridel, an adviser at Towry Law, says husbands and wives can double up their National Savings holdings by each using their respective £10,000 maximum and then writing a further £10,000 in trust for each other.

Another City favourite – the Business Expansion Scheme – which offered tax relief as well as considerable risk in some instances, was laid to rest at the end of last year. One trader at a US bank groaned at the mention of BES: "God, the amount of talk there used to be on the trading floor about BES was positively boring".

Its successor, "Son of BES" is the Enterprise Investment Scheme announced in the November 30 Budget, though advisers say investors should wait to see what kind of schemes are launched.

Equities and collective investments such as investment trusts and unit trusts are popular with City employees. Some traders and sales staff said they liked the idea of investing in the European privatisation investment trusts launched by Kleinwort Benson and Mercury Asset Management recently, while others prefer the high-growth economies in Asia.

"If the Pacific rim economies are set to grow by about 8 per cent a year, and EC countries by 2 per cent a year, I know which area I think is the most attractive," said one equity salesman.

One senior manager at a US bank admitted that the subject of where to invest had become a topic of debate among City slickers in his train carriage: "There's a fair amount of discussion among people coming into work in the mornings about the emerging markets – the Philippines seems to be one that everyone talks about with interest."

An economist at one of the UK banks said the emerging markets were popular last year and might have been over-bought, but added: "I might put a small amount in a Latin American fund." However, he said that if the pound strengthens this year, then it might be better to concentrate on sterling-based investments, rather than take the currency risk.

Hopes for annuity rate rise as yields increase

The table shows compulsory purchase annuity rates for individuals at a range of ages and with £100,000 to invest. RNPFN annuities are available only to those in the nursing and allied professions.

Peter Quinton, director of the Annuity Bureau, which supplied the table, says: "Worries about inflation and supply of the UK government bond market has led to recent increases in yields but this has not yet fed through into any rise in annuity rates. Following the upturn in 15-year gilt yields from their trough just before Christmas, some rates could rise slightly if the trend continues."

The Annuity Bureau Limited, Enterprise House, 59-65 Upper Ground, London SE1 9PQ. Tel: 071-620-4090.

ANNUITY RATES ON JANUARY 12

COMPULSORY PURCHASE LEVEL ANNUITY			
Male age 55	Annuity	Female age 50	Annuity
RNPFN	£8,843.28	RNPFN	£7,626.40
Britannia Life	£8,700.48	Legal & General	£7,410.48
Sun Alliance	£8,606.04	Swiss Life	£7,340.88
COMPULSORY PURCHASE LEVEL ANNUITY			
Male 60	Annuity	Female 60	Annuity
RNPFN	£9,858.96	RNPFN	£8,877.84
Britannia Life	£9,624.36	NPI	£8,598.92
Sun Alliance	£9,591.00	Canada Life	£8,470.92
COMPULSORY PURCHASE LEVEL ANNUITY			
Male age 70	Annuity	Female age 70	Annuity
RNPFN	£13,392.24	RNPFN	£11,461.32
Sun Alliance	£12,766.08	Sun Alliance	£10,770.00
Canada Life	£12,572.28	Canada Life	£10,742.76
JOINT LIFE WITH 100% SPOUSE'S BENEFIT			
Male 60/Female 57	Annuity	Female 63/Male 65	Annuity
RNPFN	£7,763.04	RNPFN	£8,536.32
Canada Life	£7,611.00	Canada Life	£8,280.72
Britannia Life	£7,532.76	Britannia Life	£8,199.48

All payments are monthly in advance. Figures assume a purchase price of £100,000 and are shown gross.

FINANCE AND THE FAMILY

Assessing international risks

John Cuthbert looks at ways to calculate just how well emerging market and specialist funds perform

The darlings of the international investment world are emerging market and specialist funds (technology and special opportunities).

Which are the best managed funds over the last four years? As I did with global growth funds *, I have used two minimum performance criteria. Good fund managers must beat the total return on the FT-A World ex-Japan, and must exceed the ratio of a fund's risk to its return – the figure for the FT-A World ex-Japan index is 0.21.

Those funds that have passed the twin tests have been split into three groups. These groupings reflect each fund's true investment orientation. A further group, ethical funds, have not been included. Their histories are too short.

The fact that we have highlighted nine of the 18 funds that qualify for our survey tells a simple tale; this sub-sector bristles with talent. To many this will not be a revelation since the technology and emerging market funds have dominated the total return rankings of the International Growth sector for the last three years.

Do not, however, be fooled into thinking that buying a technology or emerging market fund is plain sailing. Two technology funds (Allied Dunbar and Barclays) have poor records, and Gartmore's Frontier markets fund is a relative dullard among emerging stars. The special opportunities sub-sector is still worse with five underperformers.

Emerging market and specialists funds are a tad risky. Compared to the average international growth fund, technology and emerging market funds are respectively 39 per cent and 47 per cent more volatile. Most of these funds are described as high risk although there is the odd exception. Scottish Equitable Technology's occasionally sizeable use of cash as a safe haven, for instance, is one reason why it has a risk rating that is only average (its risk score is 1.1 or 10 per cent riskier than the sector average).

In contrast, special opportunities funds as a class look secure. Their cyclical nature and lower returns mean they are only 17 per cent riskier than the average International Growth trust.

Risk in itself is not a bad thing. It is only bad when it goes unrewarded. By adjusting each fund's returns to take into account this risk, it is possible to produce a risk/return score which indicates how the manager has juggled the risks and rewards of the portfolio.

High return funds such as Framlington Health, Prosperity Emerging Markets and City of London Emerging Markets, all of which carry the highest risk warning (Very High), come out looking good. In each case the high risk/return scores of these funds indicates that the high risks have been justified by spectacularly high returns.

By contrast, the Very High risk incurred by Prolific Technology and Henderson TR Global Technology has not been rewarded to the same degree. Looking at this another way, a manager's success in managing a high risk/return trade-off is valuable because it is evidence of ability.

It is also quite valuable when investing in high risk funds to be able to pinpoint managers who are as adept at managing risk as they are with return. The high risk/return of Perpetual's *International Emerging* Companies fund, for instance, is the product of high returns relative to the benchmark but less than interstellar risk as well. Better still, Scottish Equitable's Technology fund has achieved its risk/return figure through a combination of highish returns (a benchmark score of 1.37 is not to be sniffed at) and moderate risk.

It is also important that the risk/return figure of a fund is not read in isolation. Investors must still sift through the rest of our findings to get a complete picture. For example, you may yearn for a technology fund and on our rankings, the high risk/return score of Framlington Health might suggest this fund for consideration. But look again. This fund has an erratic total return record. The reason? It is virtually a US rather than a global fund and is tied to the fortunes of the US market.

If you prefer a technology fund with defensive qualities, the four year-on-year returns relative to the benchmark may be proof that Scottish Equitable would suit. But this fund's record also shows evidence of a trade-off between stability and total return.

Judging the records of our two emerging market funds is no simple matter either. For in spite of the similarities between their four-year total returns, one appears to be more defensive than the other. When, for example, world equities took a tumble in 1990, City of London lost less than the benchmark, whereas Prosperity slipped back a good deal further. And while Prosperity's fortunes took off in 1991, the relative sluggishness of City of London's pick-up suggests that both its heavier bias towards Latin America and its individual character (it invests only in the shares of emerging market investment trusts) make it less correlated with the rest of the world than Prosperity's fund.

The one special opportunities fund that can hold its own against the likes of emerging and techno stars offers a little of everything. Perpetual's International Emerging Companies fund combines a bit of emerging markets, technology, special situations and a lot of high quality stock selection too. Other funds provide some interesting combinations too. GT Worldwide Special Situations, for instance, includes a substantial technology element, while most of the technology funds like to invest in emerging markets as well.

Whatever your interest in International Growth trusts, to judge past performance it is vital to take the risk/return of a fund, its causes and its investment orientation into account. Our classifications have been designed with these considerations in mind.

■ *The article on international growth unit trusts appeared on December 18, 1993. The reference to GAM International in the piece should have read GAM Sterling and International.*

International Growth Sector: Emerging and Specialist

	Year	Total Return %	Benchmark	BM Ratio	Risk relative to sector	Risk Description	Risk/Return
■ TECHNOLOGY FUNDS							
Framlington Health	1990	-13.46	5.89				
	1991	121.37	95.39				
	1992	26.29	-0.72				
	1993	6.25	11.92				
	Total	108.32		2.27	1.62	VERY HIGH	0.3
Scottish Equitable Technology	1990	-14.78	4.57				
	1991	38.65	12.67				
	1992	23.96	-3.05				
	1993	23.31	5.14				
	Total	65.43		1.37	1.1	ABOVE AVERAGE	0.27
Prolific Technology	1990	-30.99	-11.64				
	1991	58.36	32.38				
	1992	60.71	33.7				
	1993	25.64	7.47				
	Total	93.82		1.97	1.68	VERY HIGH	0.25
Henderson TR Global Technology	1990	-20.57	-1.22				
	1991	44.19	18.21				
	1992	37.49	10.48				
	1993	28.7	10.53				
	Total	83.43		1.75	1.58	VERY HIGH	0.24
■ SPECIAL OPPORTUNITIES FUNDS							
Perpetual International Emerging Companies	1990	-19.94	-0.59				
	1991	35.88	9.9				
	1992	31.89	4.88				
	1993	60.96	42.79				
	Total	91.96		1.93	1.23	ABOVE AVERAGE	0.34
GT Worldwide Special Situations	1990	-20.77	-1.42				
	1991	49.53	23.55				
	1992	19.56	-7.46				
	1993	35.48	17.31				
	Total	72.45		1.52	1.21	ABOVE AVERAGE	0.27
Britannia International Special Opportunities	1990	-11.03	8.32				
	1991	5.98	-20				
	1992	20.85	-6.16				
	1993	50.15	31.98				
	Total	60.15		1.26	1.14	ABOVE AVERAGE	0.25
■ EMERGING MARKETS							
City of London Emerging Markets	1990	-11.36	7.99				
	1991	14.69	-11.29				
	1992	52.85	25.84				
	1993	83.74	65.57				
	Total	116.82		2.45	1.5	VERY HIGH	0.35
Prosperity Emerging Markets	1990	-29.2	-9.35				
	1991	40.22	14.24				
	1992	39.58	12.57				
	1993	79.37	61.2				
	Total	102.32		2.15	1.46	VERY HIGH	0.3
FT-A World Ex Japan	1990	-19.35					
	1991	25.98					
	1992	27.01					
	1993	18.17					
	Total	47.63			1.03		

Key to table: Years are November-to-November. NB The four year total is based upon monthly percentage changes so does not sum to the four year-on-year totals. The Benchmark column shows the arithmetic difference between the fund's return and the index's return. The BM or benchmark ratio expresses the percentage outperformance by the fund over the four years. Risk is total risk or volatility. Total risk is measured by the monthly standard deviation over four years to November 30. Risk relative to sector is each fund's standard deviation divided by the sector's average standard deviation of 4.52. Risk/return is the division of the four year average monthly total return by the four year standard deviation of monthly returns. Return data is offer-to-offer, net income reinvested. Source: HSW. Other calculations: J Cuthbert.

FINANCE & THE FAMILY

Look at the meat – not the spice

***Scheherazade Daneshkhu** on perks for company shareholders*

As variety is to life, shareholder benefits are the spice of an equity investment. They are offered as a reward for loyalty or as a goodwill gesture but should never be a reason for an investor to choose one company over another. Spice cannot replace the meat of a company's investment performance.

Kevin Adams, at stockbroker Seymour Pierce Butterfield, which has compiled an annual directory of shareholder perks, for the past 15 years, said: "An investment should not be selected on the grounds of the concessionary discount. Far more important is to look at the fundamentals of a company and see if its investment strategy is one with which you agree."

Nevertheless, 120,000 investors in P&O, the ferry company, have bought the company's stock because of car-based cross-Channel discounts of up to 50 per cent. The minimum holding is of 600 5.5 per cent redeemable non-cumulative preference shares, worth about £940. "People purchase this class of stock for the benefit," said Michael Owen, assistant company secretary at P&O. "The majority have had them for very many years and it is a capped market because we cannot issue any more."

Peter Hargreaves, chairman of Hargreaves Lansdown, the asset management group, which also publishes a directory of perks, believes that these benefits can sometimes contribute to a company's performance.

"Over the years many people have purchased P&O concessionary shares, not only to benefit from an attractive income, but also to benefit from the extremely advantageous channel crossing fares. Due to the high number of private shareholders on the P&O share register, the share price has always remained attractive and stable."

P&O's rival, Eurotunnel, which this week announced fares of between £125 to £310, will also reward its early shareholders with concessionary travel. Someone who bought 100 shares in the Eurotunnel flotation in 1987 is entitled to one return journey at a cost of £1 and an annual registration fee of about £10, if they make the trip within a year of the tunnel opening. Larger shareholders are entitled to more concessionary trips.

The number of companies offering perks has been steadily increasing according to Adams. Seymour Pierce Butterfield's directory this year contains 116 entries, up from 111 last year and 99 in 1992. Few companies decide to withdraw them, said Adams, although some disappear when there is corporate activity, such as a company takeover.

Benefits are usually in the form of a card or vouchers sent out to shareholders once their name appears on the register, entitling them to discounts. Others give their shareholders complimentary gifts, usually a sample of the company's wares. Discounts often apply to the full retail price and not to special offers.

Most companies require a minimum shareholding and other restrictions may also apply. P&O shareholders, for example, must be on the company register by December 31 before the sailing date and must still be on the register at the sailing date to qualify.

The value of benefits can vary enormously. Bensons Crisps gives shareholders attending the company's annual general meeting free packets of crisps for tasting and taking home.

By contrast, Asprey, the jeweller and silversmith, will give a discount of 15 per cent on cash and cheque purchases. The discount does not apply to repairs or valuations and only investors with at least 5062 ordinary shares are eligible for the Asprey card. This means a holding of just over £16,000 in Asprey shares at the current share price.

Other potentially valuable company perks include those offered by British Airways, Trafalgar House, Airtours, Forte and The Savoy Hotel. BA posts a coupon to those with a minimum of 200 shares giving the shareholder the right to 10 per cent off published air fares, including Apex, and it can be used by those travelling on Concorde. The discount applies only once in a year.

If the investor flies between the slack travel months of January 1 and March 31 this year, the reduction doubles to 20 per cent. Other concessions are also available.

Airtours will give all shareholders 10 per cent off its holidays while Trafalgar House investors can get a 15 per cent reduction on selected QE2 and other cruises (minimum shareholding: 500 ordinary shares).

The Savoy Hotel group offers reductions of 10 per cent off the average room rate at a number of its hotels, including the Savoy, Claridge's and the Connaught. The price of an average room at the Savoy is £220 – the discount does not apply to any special promotional offers. Investors only need 10 ordinary shares to qualify.

Forte, the largest shareholder in the Savoy group, offers a Forte Gold Card to investors with at least 300 Ordinary shares. The card entitles holders to a 10 per cent discount on accommodation, meals and drinks in the company's hotels worldwide. It can also be used at Lillywhites, the leisurewear and sports shop in London's Piccadilly and on fine wine and hampers bought from the Wine Growers' Association.

Most of the companies which offer shareholder benefits are in the consumer and leisure industries but there are some in the financial sector. Bank of Scotland shareholders applying for the bank's Premier visa card pay neither the £10 joining fee nor the annual £70 subscription. Additional cards, usually costing £10, are provided free. Other benefits include a waiver of the 1 per cent commission on sterling and dollar travellers cheques while the annual 1 per cent fee on the bank's self-select personal equity plan is halved. You must hold at least 1,290 shares and have been on the bank's register for one year to qualify.

Shareholders with a self-select Pep at the Royal Bank of Scotland (into which RBS shares can be transferred) do not have to pay an initial charge.

General Accident gives all its individual shareholders premium discounts of 10 per cent on home, motor and travel insurance policies.

■ *The 1994 Perks Book, Seymour Pierce Butterfield, 24 Chiswell Street, London EC1Y 4TY, is published later this month. Free.*

■ *Attractive Perks for UK Shareholders. Hargreaves Lansdown, is usually £3 but is available free to FT readers who should write, quoting the offer, to Hargreaves Lansdown Embassy House, Queens Avenue, Clifton, Bristol BS8 1SB.*

Expatriates / **Donald Elkin**

In search of tax-efficiency

Are life policies a suitable investment for expatriates or are the benefits of their tax-efficiency exaggerated?

"Qualifying" maximum investment plans which have a minimum 10-year term and which provide minimal life cover – 75 per cent of the prospective premiums payable – are a common investment for expatriates.

They are often chosen because of the perceived tax benefits after return to the UK since no personal tax is payable on the proceeds, whether received as a single payment or a series of payments over a number of years. Unfortunately, perhaps fewer than one in 10 of the expatriates who invest in this way will achieve any significant tax benefits.

Broadly, UK life companies pay tax on the income and gains of their life funds at 25 per cent, which is the same as the basic rate of tax paid by individuals. Investing in an offshore policy will not indefinitely avoid the payment of this tax because you must convert to an equivalent UK policy within one year of becoming a UK resident to maintain its qualifying status.

Consequently, you will achieve no benefit at all if your *marginal rate of UK tax is the* basic rate when you receive your "tax free" payments. Of course, if you are a higher rate payer, the situation is different, for you will have paid just 25 per cent via the life company against the 40 per cent that you would have paid as an individual.

However, few returning expatriates these days pay higher rate tax. Bear in mind that if spouses can divide income equally between them, they would jointly need more than £56,000 a year (that is, more than £1m invested at an average rate of 5 per cent) to *fall into the higher rate band.*

Unfortunately the situation is not neutral. You will probably have incurred a cost to achieve these, perhaps, illusory tax benefits. Investment performance may be inhibited by the limitation of your investment choice. Even if this consists of a "menu" of 100 or more funds, that will mean that there are perhaps 25 times as many which are not available to you.

Furthermore, you may be locked into the arrangement, since early termination is likely to produce a bad finan*cial deal and you might suffer* surrender penalties into the bargain.

The majority of expatriates would be better off investing through non-contractual savings schemes, for example, a unit or investment trust, which allow them to increase, reduce, stop and restart contributions at will.

However, the qualifying policy is not the only, or even the most important, life product offered to expatriates. Many are offered offshore single premium bonds which are designed to receive lump sums.

The single premium bond *appears in many guises*, sometimes as a funding plan for Maximum Investment Plans, sometimes as a managed investment and sometimes as a pension plan. In all cases, the basic arrangement is the same.

Once you have resumed UK residence, tax liability arises under the "chargeable events" legislation. This allows you to withdraw 5 per cent per annum of the sum originally invested (the premium allowance) without provoking an immediate tax liability.

A possible exception to this *is the type of bond into which* you can transfer any investments rather than, as is usually the case, being restricted to a set menu of funds. There is a pending High Court Appeal which will determine whether or not the premium allowance is available in this case.

You will, however, provoke an immediate tax liability if you exceed the premium allowance and also if the bond is encashed. In the latter case, the previous 5 per cent draw-downs have to be taken into account to calculate the profit, which is chargeable at your *marginal* rate of income tax, subject to certain reliefs.

The fact that single premium bond holders need pay no tax provided their draw-downs do not exceed 5 per cent a year, allows for long-term tax deferment. It is to your advantage if you can reinvest 100 per cent rather than just 60 per cent of your surplus income, even if you have to pay tax on all of it eventually.

Unfortunately, calculations to quantify this benefit frequently fail to take account of the investor wishing to withdraw funds before they die. Should they do so, they are likely to trigger the pent-up tax charge and – in the early years of the bond – perhaps termination penalties.

Since it is necessary to remunerate the insurance company, the underlying unit trust (perhaps) and the intermediary too, there is a tendency for the costs of life products to be both greater and more opaque than for other investments. Perhaps *such a structure can generate* meaningful advantages for you but that is not necessarily so.

The structure of a life policy does not in itself present an inherent investment advantage although its tax advantages were often incontestable when *top rates of income tax in the* UK reached 97 per cent. Even a mediocre performance from a life policy could leave you better off net of tax than a well performing direct investment.

However, now that such rates are a memory, life products are probably over-sold, particularly since today's financially sophisticated expatriates have access to a much greater range of investment choices than before.

■ *Donald Elkin is a director of Wilfred T Fry Limited of Worthing, West Sussex.*

Wife can sell shares

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

I have obtained from the Inland Revenue leaflet number CGT 15, *A Guide For Married Couples in respect of Capital Gains Tax.*

It is my understanding from reading this document that if I transfer a shareholding, currently in my name, to my wife, the shares may then be sold in my wife's name in order legitimately to make use of her CGT allowance.

Furthermore if the sale is then split, part of it before April 5, 1994, and the rest after, it would appear that total gains of approximately £10,000 could be free of CGT.

Given that my own allowance has been fully utilised, this seems to be a sensible option to take. Is this correct in your opinion?

■ Your choice of words (such as "sold in my wife's name" rather than simply "sold by my wife") suggests that you are not contemplating making a bona fide outright gift of shares to your wife, but merely using her as a nominee or puppet to realise funds which will find their way back to you, albeit indirectly.

However, if you propose to give your wife some measure of financial independence by making outright gifts of shares to her, then the answer is yes: if she decides to sell some of the gifted shares on or before April 5 and others after, she will have two annual exempt amounts of £5,800 to set against her chargeable gains.

We recommend that the proceeds, and any dividends arising after the gifts, be credited to an account in your wife's sole name (to which you have no access), so that it is clear that none of the money can be construed as for your ultimate benefit.

Income tax query

I wonder if you would be good enough to set out for me, step by step, the income tax calculation for 1993/94 assuming one has a salary of £20,000, investment (equities gross) of £10,000, a gross income of £30,000, and one is under 65 and married.

It is the treatment of the married couples allowance at 20 per cent which has perplexed me. I might add that I phoned the Revenue Enquiry Room for an explanation but they "regretted that they had no instructions yet".

■ The restriction of relief on the married couple's allowance to 20 per cent does not come into effect until 1994-95; it will be restricted to 15 per cent for 1995-96.

Your 1994-95 tax liability on the suggested figures would be as follows:

Schedule E

£3,445 personal allowance	
£3,000 at 20 per cent	£600
£13,555 at 25 per cent	£3,368.75
£20,000	£3,968.75

Schedule F

£7,145 at 20 per cent	£1,429
£2,855 at 40 per cent	£1,142
£10,000	£6,559.75
Less: relief on £1,720 at 20 per cent	£344.00
Income tax chargeable	£6,225.75
Less: credit on £8,000 at 25 per cent	£2,000
Income tax actually payable	£4,225.75
Less: PAYE tax under code 482	£3,644.75*
Tax payable on December 1, 1995	£571.00

* In fact, the PAYE tax deductible under code 482 would be slightly less than £3,644.75:

Personal allowance	£3,445
Married couple's allowance: 80 per cent of 1,720	£1,376
Rounding-up	£8
Allowances given by code 482	£4,829

PAYE tax:

£4,829 tax free pay	
£3,000 at 20 per cent	£600
£12,171 at 25 per cent	£3,042.75
£20,000	£3,642.75

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Coventry BS	Extra Interest	0203 252277	Instant	£1,000	6.50%B	Yly
Skipton BS	High Street	0756 700511	Instant	£2,000	6.75%	Yly
Birmingham Midshires BS	First Class	0902 645700	Postal	£10,000	6.35%	Yly
Coventry BS	Extra Interest	0203 252277	Instant	£25,000	7.10%B	Yly
NOTICE A/cs and BONDS						
Bradford & Bingley BS	Direct Notice	0345 248248	30 Day P	£1,000	6.35%	Yly
				£10,000	6.85%	Yly
B & W Asset	Asset 90 Day	0800 303330	90 Day	£25,000	7.30%	Yly
Newcastle BS	Nova Select	091 261 6822	29.2.96	£5,000	7.30%A	Yly
MONTHLY INTEREST						
Coventry BS	Extra Interest	0203 252277	Instant	£1,000	6.30%B	Mly
Bradford & Bingley	Direct Notice	0345 248248	30 Day P	£10,000	6.65%	Mly
Coventry BS	Extra Interest	0203 252277	Instant	£25,000	6.85%B	Mly
B & W Asset	Monthly Income	0800 303330	90 Day	£25,000	7.07%	Mly
TESSAs (Tax Free)						
Hinckley & Rugby BS		0455 251234	5 Year	£25	7.75%	Yly
Dudley BS		0384 231414	5 Year	£10	7.57%	Yly
Dunfermline BS		0383 721621	5 Year	£3,000	7.55%	Yly
West Bromwich BS		021 525 7070	5 Year	£150	7.50%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	5.00%	Yly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	6.00%	Yly
				£10,000	6.25%	Yly
				£25,000	6.60%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	Woolwich Intl	0481 715735	Instant	£500	5.75%	Yly
Confederation Bank (J'rsy)	Flexible Inv	0534 608060	60 Day	£10,000	6.30%	½Yly
				£25,000	6.80%	½Yly
Derbyshire (IOM) Ltd	90 Day	0624 663432	90 Day	£50,000	7.30%	Yly
GUARANTEED INCOME BONDS (Net)						
Consolidated Life FN		081 940 8343	1 Year	£2,000	4.30%	Yly
Prosperity Life FN		0800 521546	2 Year	£25,000	4.78%	Yly
Financial Assurance FN		081 367 6000	3 Year	£50,000	5.20%	Yly
Financial Assurance FN		081 367 6000	4 Year	£50,000	5.65%	Yly
Eurolife FN		071 454 0105	5 Year	£3,000	5.75%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	5.25%G	Yly
(w.e.f 29/1/94)	Income Bonds		3 Month	£2,000	6.50%H	Mly
	Capital Bonds H		5 Year	£100	7.25%F	OM
	First Option Bond		12 Month	£1,000	6.00%I	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	41st Issue		5 Year	£100	5.40%F	OM
	7th Index Linked		5 Year	£100	3.00% +Infln	OM
	Childrens Bond F		5 Year	£25	7.35%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. *Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net* Rate. P= By Post only. A = Rate guaranteed not to drop below 6%. B = 10 days loss of interest on all withdrawals. Rate guaranteed to 28.2.94. G = 5.75 per cent on balances of £500 and over. 6.00 per cent on £25,000 plus. H = 6.75 per cent for balances of £25,000 and over. I = 6.40 per cent on balances of £20,000 and over.

Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0692 500677.

MINDING YOUR OWN BUSINESS

My own little shop of horrors

Jane Whitehead dreamt of running her own business: it was a nightmare

I dreamt about owning my own business for years. Every December 31 it would be top of my resolutions list. But like losing weight and becoming a better person, nothing ever came of it. Then suddenly I was 35. Mid life crisis. If I did not do it now, I never would.

I knew exactly what it would be like. I had pictured it so often. On one side the pretty, cosy, bustling tea shop, on the other, exquisite crafts at affordable prices. Somewhere in there, me, swanning around, the amiable hostess.

The decision was made. I counted my life savings – £6,000; amazingly I persuaded three friends to chip in another £18,000; went to see a very generous man at Barclays Bank who opened a sack of money and told me to help myself. I relieved him of £25,000; took small business advice from all sides; thanked my employers for 18 fairly mediocre years and set off in search of my dream.

Somewhere along the way during the discussions, planning and more discussions, the tea shop idea was ditched in favour of an upmarket children's boutique.

Armed with the knowledge that the three most important requirements for a retail outlet are – location, location and *location, I searched for two* months. There was nothing. This was early 1989. Boom time. The punters were spending. Shopkeepers had never been so happy. Not a "To Let" sign in sight. And so it was, after a month of protracted negotiations I handed over an £8,000 premium for the three-year lease on a grubby, insect infected, disused sweet shop just off the main parade in a monied area of Cheshire. Rent: £100 per week.

No expensive, bland shopfitters for me, three months of hard graft, *assisted by willing* volunteers, transformed the hovel into a whitewashed, pine-clad, coir-matted oasis. With £15,000 of stock tastefully displayed, I was ready. The delay, costs and knocks along the way had not dented my enthusiasm. I was raring to go.

I took £750 that first week. No, not a fortune, but above my expectations. This was my "break even" figure. I had assumed it would take an age to work up to that amount.

I had cracked it. It was going to be a success. My three financial backers and I anticipated the profits to come. Barclays wrote pleasant encouraging letters. Life was rosy.

It did not last. Initial enthusiasm for a new shop died down. Takings averaged £500 a week. Nigel Lawson raised interest rates and the first acorns of the recession began *to take root.*

I was in the fashion business. Stocks had to be ordered six months in advance – a lottery. Who could say what trading conditions were going to be so far in the future? I certainly could not. Even children *do not want last year's styles.* Whatever had not been sold each season had to be got rid of whatever the price.

Outgoings and overheads were horrific. It was one long round of paying out. The begging from local schools and charities for donations and raffle prizes was one large expense I had not budgeted for. How could I turn them down? They were a source of potential customers.

The original investment of £49,000 had gone. I needed more to survive. I did not have any. *I was not earning anything.* It was up to my three friends. They came up with the goods.

I tried everything to bring the punters in. I advertised, put "money off" vouchers in the local press, organised charity fashion shows, distributed expensive glossy leaflets, participated in local events, injected humour into my window displays and installed Father Christmas and a photographer for a week. I could not have asked for more from family and friends. But it was all going wrong.

I began to hate it. The constant worry. I could not switch off: the sleepless nights, the boredom, condescending mothers and badly behaved brats. I missed the inane chatter of the office, the companionship, the salary at the end of the month.

Barclays began to get frosty. Letters were no longer addressed Dear Jane. I had been trading 22 months when *that man who had so easily* handed over £25,000 demanded it back. Why? It was fully guaranteed, backed by the business assets and a wad of share certificates handed over by my three partners in crime. But it had suddenly become a different climate and the banks were *getting itchy*. It happened to a lot of people.

That was the beginning of the end. Two years to the day after I opened my lovely shop, I closed it. I had tried, without success, to sell. No one in their right mind was taking on a *retail business. Or if they* wanted to there were so many to choose from. Everywhere you looked there were the same signs: "business for sale", "to let", "closing down".

Perversely, those signs made me feel a little better. They meant it was not just I who had failed. But I had awakened from my dream.

Do I feel guilty about the money my friends lost? Yes. Very much. Thankfully they are still friends.

Do I regret doing it? No. If I had not I would still be dreaming *about it. At least now it is* behind me. It was an experience and I learnt a lot of lessons. Now I can move on to my new dream.

Devon News

Green greens: Tim and Jan Deane show off their boxes of organic vegetables which sell for as little as £4

Hard edge of the good life

***Clive Fewins** meets a couple who eke out a living from the soil selling vegetable boxes*

When Tim and Jan Deane arrived at their 24-acre smallholding on the edge of the Dartmoor National Park in 1984 they had to chainsaw their way in.

"The remains of the gate was buried under trees and other vegetation, and the rest of the plot was in very poor condition," said Tim, who had always wanted to farm but had thought he would never be able to raise the money to buy the land.

Nine years later, eight acres on the hillside venture are producing nearly 50 kinds of organic vegetable.

But while the Deanes' crops *– or most of them – are flour*ishing, profits are not. "I fail to see how any small organic grower in our situation and with our soil conditions can earn a really good living," said Tim. "Last year we paid ourselves £3,100 each out of our profit of just over £6,000. In all our years here we have yet to reach the income tax threshold."

On their meagre profits the Deanes have to support two children aged 15 and 12. They manage without complaining, and are convinced the future *will bring better times.* Besides, they all enjoy their way of life at Northwood Farm, which lies in an idyllic spot on the slopes of the Teign valley, *10 miles from* Exeter.

"Hardship is the price of continuing with our youthful idealism and doing things the way we want to, with as little compromise as possible," said Jan, who, like her husband, is 43.

"Of course we would like a little more money. It would be nice to have a house, as we have lived in two, and now three, caravans for the past nine years. But we realised when we bought the land – it cost £25,000 – that we would never be rich. We call our way of life homesteading."

The organic farming co-operative the Deanes belonged to collapsed two years ago, leaving them £1,000 worse off – a lot of money to them. Since then they have concentrated on selling vegetable boxes, rather than wholesaling.

"This season is the first in which all our production has gone into vegetable boxes. And thanks to the weather it was a near disaster," said Tim.

Nevertheless, the Deanes have many satisfied customers in the surrounding villages and in Exeter. There is a waiting list for the service.

This is how the vegetable box system works: each week the Deanes pack a week's supply of vegetables into boxes which they deliver directly to houses in the villages and to drop-off points in Exeter where boxholders help to distribute in return for a concessionary box.

The customers have little choice. If they are regulars – as most are – and do not like a particular vegetable, they tell Tim and Jan; otherwise it is the Deanes who decide.

"Basically we pack what is best, freshest and in season," said Jan. "Most of the produce is picked, packed and delivered within 24 hours." Nothing is weighed, and the charge is £4, £5 or £6 depending on box size.

Every week the Deanes plan the contents of the boxes so that there will be enough staples, but also variety to stimulate a good cook. They aim at a minimum of eight vegetables and herbs, even in winter. They also try to include one or two vegetables, such as kohlrabi and celeriac, not widely available in the shops.

"Our customers say the produce is good – some even pay more than the asking price – *fresh, and reasonably priced,*" said Jan.

All the Northwood Farm produce is organic. The Deanes believe in feeding the soil, not the plants. They feed the soil with food, such as muck, compost, and some rock phosphate and calcified seaweed.

This season Jan has been supplementing their income by working as a Soil Association inspector in Devon three or four days a month. She also organises occasional courses for the Soil Association. These activities keep the family car on the road, while the business supports Tim's elderly ex-Post Office parcels van.

Thanks to the vegetable boxes, profit on turnover has risen from 33 per cent to more than 50 per cent. Nevertheless it is meagre. Turnover has never exceeded £20,000.

"It should have been better this year, but the weather put paid to that," Tim said. "All the way through it was wrong for our soil type. The potatoes had no real root, so we produced two tonnes per acre, when eight to 10 tonnes would be a good organic yield. The cabbages, leeks and brassicas were all poor because the heavy rain in May and early June washed the nutrients out of the roots."

The result was that the Deanes were short of produce. They had orders for 180 boxes, but could only supply 140 households. "Forty boxes is the difference between profit and loss," Tim said.

"I fear our overdraft will be far higher than we'd prefer by February. This is the time of year when we are usually better off, as it is the end of our seven month delivery season. I just hope we have enough cash *to launch ourselves into the* growing season."

Fortunately, Tim has an understanding brother who several years ago took the burden of the small mortgage. They pay him interest – but far less than they would pay a bank or building society.

Tim admits that were it not for the generosity of Jan's father – he paid £20,000 of the original cost of the property and has helped them out when times have been bad – they would have had even more of a struggle to survive.

"He has great faith in us," Tim said. "So does Jan's mother – her great-grandfather, a Canadian, was homesteading well into his 90s.

"Over the years our bank manager has also been kind to us. He is a farmer's son, and very pro organic farming. But now the account has been taken over by another branch and our new manager has decided to pay us a visit – the first here by any bank manager. Somehow when he sees Shacksville I think he'll get a surprise."

■ *Northwood Farm, Christow, Exeter, Devon EX67PG. Tel: 0647-52915.*

The greatest ever

Continued from Page I

printing, including Ts' Ai Lun who invented paper in China around 100 AD. Yet it is a bit like plumbing; the spin-offs were enormous but someone was bound to invent it in the end.

On music, I confess to a slight prejudice. However wonderful, even at its best it reminds me of higher mathematics with feeling. It lacks the *range, the depth* and the articulate, spoken humanity of Shakespeare. Beethoven and Mozart cannot touch him, though I was glad that as composers they came out ahead of all others.

So we come back to religious leaders. The reason why Jesus Christ did not come out on top even more convincingly is partly that his followers are divided about the extent of his personal greatness. Unlike Buddha and Mohammed, as many contributors pointed out, he was foreshadowed by Moses, predicted by John the Baptist and proselytised by St Paul. Without Paul, as several readers argued, Christianity might not have taken root.

In the cynical language of Richard Koch from London SW7, it was Paul who made Christianity "Rome-friendly". Under Paul's guidance "religion became activist and expansionist, both for the state and the individual". Thus Paul paved the way for western imperialism and capitalism, and – Koch might have added – for resistance to abuse of power on grounds of conscience.

Other tributes to Christ are more straightforward. Sheila Leach wrote from Northampton: "The words he spoke changed our moral perspective ... His life and teaching provided the inspiration for art, architecture, music and literature in western Europe after the fall of Rome ... The change he imposed on our thinking and the fountain he became for our creativity did not depend on belief in his divinity."

Yet the *case for Christ is perhaps* excessively Eurocentric. Two important criteria for greatness are that it should stand the tests of time and geographical reach. Buddha (563-483 BC) had the advantage of being born earlier, yet is still being discovered far away from Asia. It was his influence on subsequent religions "and spiritual movements not properly regarded as religious", wrote AE Lundquist from Oxford, that made him the greatest person who ever lived.

Mohammed came later (507-632). Yet his essential teaching is not vastly different from Christ or Buddha. He was anti-idolatry, like Moses. He *believed in repentance*, prayer and alms-giving like Christ. He also believed in education. As a reader from Damascus puts it: he rejected superstitions "by teaching that the natural world is governed by a strict cause and effect order".

The same reader, who says he left his native country, Iraq, for fear of persecution, might have added that whatever may be done in the name of Islamic fundamentalism today, Christianity has also had its darker side. And as Muhammad Saleem wrote from New York, Mohammed "inculcated a love for learning among illiterate Arabs which paved the way for outstanding intellectual achievements, ultimately making them pioneers in the domain of science and arts during medieval times".

I think Christ and Mohammed are on a par: they had much *in common, and were all some*times betrayed by over-zealous followers. If Buddha wins, it is by coming first.

□ □ □

There remain the foot soldiers and anti-heroes. Some readers nominated Joe Bloggs for putting up with it all for so long. David Brown from Shenfield in Essex chose Murphy, the man whose law seem to be responsible for so much yet remains inexplicable: "If anything can go wrong, it will go wrong."

And our winning contributors: David Brown for nominating Murphy, and Mrs Patricia Atkinson of Loughborough for her moving nomination of Elizabeth Fry, the 19th century prison reformer. A third and equal prize goes to David Drumm for his sense of perspective.

The prizes are magnums of champagne. In the politest possible way some Moslem readers objected to this. But what can we offer that will appeal to all without being unduly extravagant? Next time the Complete Works of Shakespeare.

PERSPECTIVES

Tony Andrews

Meat selling in Minsk, capital of Belarus: food seems easier to procure than documentation in parts of eastern Europe

Poles apart at the border

***Matthew Kaminski**'s rail journey to Vilnius is ended abruptly by frontier guards*

The clouds are starting to pass over fries and a Coke at MacBurger. It is around 9.40am in Bialystok, a north-eastern Polish city.

Just hours ago I was asleep on the overnight from Warsaw to Vilnius. At 3.10am, there was a knock on the compartment door. I knew the routine. The train passes without stopping through a 10km stretch of Belarus, before heading into Lithuania.

For some reason the Belarussians, who never before had their own state and still betray little national fealty, are the most vigilant at the frontier.

A stone-faced, moustachioed guard curtly demanded passports. I handed him mine, dazed. He flipped through it several times and asked for a Belarussian transit visa. I told him I did not need one because I was a Polish citizen headed to Vilnius. Silent, he walked away with my documents.

A Polish passport, issued in Washington years after my parents pulled me out of the third grade and emigrated west, has come in handy in the old Soviet empire, letting me pass through new and cumbersome borders without visas or bribes. Until now, there were no problems.

Thirty minutes later he came back. He told me to follow him. We quickly walked down at least five dark train corridors, he always several steps ahead, to a compartment with seven border guards. They wore green uniforms, long overcoats and hats with large red stars. All Belarussian boys from Grodno, the border town: haughty, provincial, important.

The captain, slouching in the corner, took the passport. Immediately, he demanded $30 (£20.20), about half the average monthly wage in Belarus. Or DM50. A boy sitting next to him confidently added British pounds would be fine, too.

I again insisted I did not need any visa, no less a transit visa for a 15 minute stay. I flashed my Lithuanian press pass to prove my eastern roots. Nothing.

They got mad. No English word - rude, insolent, hostile - can aptly describe certain behaviour encountered in the east. After a few verbal exchanges, one boy, hair rumpled, stuck the passport in my face, pointing to my official place of residence with obvious hatred: Washington DC, US.

I tried to take the passport but he furiously slapped my hand and threatened to hit me. The others laughed. The young captain said, calmly, that I would simply be sent back.

The first fight was over. I told him I could pay handsomely in Polish zlotys or Lithuanian litas; I only had $3. Swindling is a normal transaction cost here: principles should be left at home. But the captain laughed again. "Funny money," he said, contemptuously blowing air through his fingers.

I lost. Often I had seen easterners bargain with that special (post) Soviet type: people in uniform, from greedy police officers to impertinent store clerks. Pleading, crying and bribing. Unfortunately I have not yet learned how to do that well. So I started yelling, a skill finely honed in the east, rolling off all the Russian curse words I knew.

They took me off the train. The offer for hard currency - *twarda valuta* - was made again at a Grodno police station, now with 20 Belarussians eyeing me over.

An older man, with three silver stars on his epaulet, eventually brought me back to the rail station and shoved me on a westbound train. I asked, several times in broken Russian, *kak vash zavut?* He only smirked and pushed me ahead. Once on the train - an express from Minsk to Bialystok - he said his name proudly, "Ruslan Marchenko", and twice declared, I'm not sure why, "This is the independent Republic of Belarus".

The wait back at the border took almost three hours. Polish customs officers now had their turn. Next door, three Georgians had at least seven bags. The Poles went through them all and confiscated, after much fuss, 65 bottles of honey-coloured alcohol intended for farmers' markets - so called *targs* or *jarmarks* - around Bialystok. The guards even made the Georgians carry the heavy goods off the train.

At daybreak I was thrown off the second train, right at the border in a place called Kuznica Bialystocka. The morning drunks, Belarussians and Poles, were gathering at a rag tag station. Again half asleep, I bought a ticket on a regional train to Sokolka, a small city, via Czuprynowo-Kundzin, an even smaller one.

Sokolka is a typical small eastern town - a mix of old peasant wooden homes, with chickens scraping in dirt-patch backyards, and concrete apartment blocks. Not exactly out of Kosinki's *Painted Bird* but not exactly modern, either. From there, an hour later, an overflowing bus brought me to Bialystok, the regional capital.

At the grimy bus station, there was the Georgian family again, huddling around their bags, the woman crying. Poles, Belarussians, Romanians and gipsies were milling around as well. Russian is heard more often than Polish.

MacBurger's white walls and tidy red tables are right across the street. A young cashier, in pressed white T-shirt, asked if I'd like something else. Still hungry. I'm now waiting for a pineapple burger.

The Nature of Things/**Clive Cookson**

Maths-based trading brings eldorado closer

Making money out of financial markets purely by applying mathematical principles, without having to know anything about the shares or currencies or commodities being traded, is a long-standing dream.

Chartists – or technical analysts, as they prefer to be called – have believed for decades that they are half way to eldorado, identifying buying and selling signals on price charts. But the evidence backing their claims has been equivocal at best.

Now, however, new-style mathematical operators are emerging. They use powerful computers, programmed with innovative models of the way markets work, to pick out subtle signs that would be invisible to the eye of the traditional chartist. And the latest evidence suggests that some have struck gold.

It is hard to gauge the extent of maths-based computer trading, or its record so far, because almost all the active practitioners are highly secretive. They think that as word gets out about their successes and more people join in, it will become harder to maintain an advantage. So the pioneers are reluctant to talk about what they are doing, let alone divulge any details of technique.

But observers believe that more than a dozen companies, ranging from large banks to specialised investment boutiques, have started such funds within the last year. Their returns (net of transaction costs) are said to be at least 10 per cent a year better than the overall markets in which they operate.

So what is the secret? Unfortunately, there isn't one – or rather, nothing within the reach of ordinary private investors. There is no simple formula to learn, no predictive program you can feed into a personal computer to flash reliable "buy" and "sell" signals.

Profitable trading requires an immensely complicated combination of formulae, extracted from relatively new mathematical fields such as non-linear statistics, chaos theory and neural networking. To make good use of them, you need an immense database – filling billions of bytes of computer memory and ideally covering every trade or price movement in your chosen market for the past few years.

Before you begin live trading, your computer has to analyse the database extensively, finding consistent patterns on which it can base predictions of future movements. And of course you must have on-line access to the market, so that you can execute a deal the moment the computer tells you conditions are right.

Given the present state of computer technology and knowledge about market behaviour, you probably need at least $100m to sustain a maths-based trading fund.

Computer-based prediction does not rely on inefficiencies in the market – getting hold of price-sensitive information before everyone else has. Indeed it works best in a perfect market undistorted by inefficiency.

Ultimately it makes use of the fact that market traders act in ways that are inconsistent but, to some extent, predictable. In technical terms, their behaviour is non-linear; their reactions are not in proportion to events.

A very simple example of non-linearity is to ask yourself whether you would prefer to receive a guaranteed £8,000 or an 80 per cent chance of winning £10,000. Then ask whether you would rather lose a certain £8,000 or take an 80 per cent risk of losing £10,000. The common answer is to take the cheque in hand in the first case and run the risk in the second. In other words, people are more ready to take a chance with a loss than with a profit, even when the odds are identical.

Although some non-linear systems are too complex to predict even with the most powerful computers, financial markets come just within the bounds of useful predictability. And they seem to be rather more predictable at times of increased volatility, when markets are rocked by external events. The point is not to forecast the events themselves but their knock-on effects.

The techniques offer a feast of jargon. The autoregressive conditional heteroskedastic model, for example, shows how periods of market volatility are clustered. Time-delayed embedding reveals that market trends last for longer in periods of low volatility.

Maths-based computer trading is likely to spread rapidly as word gets around about its success. Once the technique has proved itself, financial institutions will enable small investors to join in, by launching mathematical mutual funds or unit trusts.

The veins of predictability will become harder to exploit, as more people try to mine them. Ever more sophisticated programs will be required, running on ever more powerful computers. But now that a mathematical eldorado has been discovered, it is unlikely to disappear completely.

FOOD AND DRINK

Bergerac emerges from the shadows

A new generation is influencing one of France's less well-known districts, says ***Edmund Penning-Rowsell***

To the outside world, the Bergerac district of south-west France is known less for its wines than for the fictional Cyrano, although production began many centuries before he made his appearance. Most were white until about 60 years ago but now they are 70 per cent red, the balance being dry, medium-dry and sweet whites.

The grapes are the same as in next-door Gironde. The reds are Merlot (70 per cent overall), Cabernets Sauvignon and Franc, plus a little Malbec. The whites are Sauvignon, Sémillon and Muscadelle.

As in much of St Emilion, the soil is chalk and clay, producing fairly full-bodied but not very tannic red wines which drink very agreeably after four or five years. The dry whites are for early consumption, but the sweeter varieties deserve more time than most of the reds.

Although vines dominate the landscape, particularly on the hillsides of the Dordogne river valley, the 12,900 hectares that produce 50,000 to 60,000 hectolitres a year total only 10 per cent of Bordeaux's huge output. This is part of Bergerac's problem for, lying in the shadow of its better-known neighbour, prices and quality have been affected adversely in the struggle to market its wines.

The problem remains, but things are changing thanks to a new generation of proprietors and an influx of young oenologists. Now, nearly half the production is sold in bottle and a fifth is exported.

Another difficulty is a surfeit of *appellation contrôlées*: there are 13 of them and more are threatened.

If Bergerac is not a prominent name on world markets, then its locally prized sub-districts of Montravel, near the Gironde border; Saussignac, south of the river but further east; and Pécharmant (described by wine buffs as "the Médoc of Bergerac") on the hillside above the town, mean even less to outsiders. Montravel has three ACs for its dry, medium and sweet whites and would like a fourth for its reds, now classified as Bergerac rouge – by far the biggest *appellation*.

Then there is Rosette, the six growers of which make an annual average of only 1,100 cases of sweetish white wine near Pécharmant. In addition, there are superior Côte ACs for the hillsides. The only well-known sub-district is Monbazillac; its splendid château dominates a section of the southern hillside and has its own vineyard.

Improvements are in train for this *appellation*, which covers 2,500 hectares. Its quality and reputation fell when it adopted machine-picking in 1979, but an official decree last year insisted on hand-picking and at least two or three passages (*triages*) through the vineyard to pick only fully-ripe grapes, plus a minimum natural alcoholic content of 14.5 degrees.

Hand-picking is three times more expensive than machine picking, however, and output of this delicious, inexpensive sweet wine may be reduced by growers who cannot afford it. Instead, they may pick early and sell as Bergerac Sec.

The many separate *appellations* are a bar to promoting Bergerac's products but not a criticism of the wines themselves. Montravel whites are attractive, especially the liquorous ones, and so are the Saussignacs, which are rather less luscious than Monbazillacs adjoining them on the hillsides. Fermentation and ageing in oak have been increasing in the superior properties in the sub-districts and the Côtes.

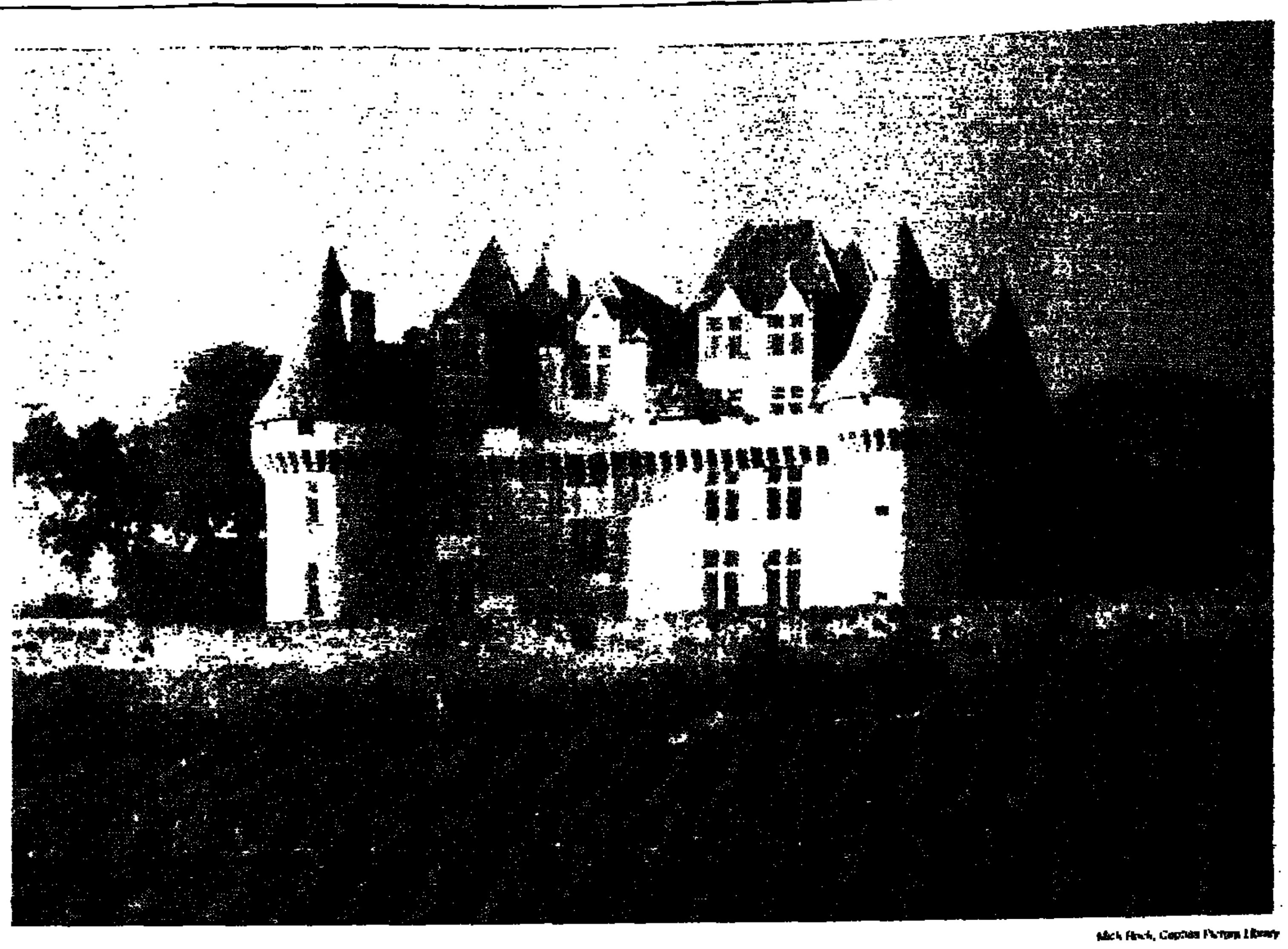
A pioneer in introducing Bergerac wines to Britain is Nicholas Ryman, of the handsome Ch La Jaubertie. He used to own a London stationery business, but emigrated with his family to the south bank hillsides in 1970. Today, he believes that Bergerac's future lies in white wines, especially the sweet ones.

A more recent English newcomer is Richard Doughty who acquired a property near Saussignac and renamed it Ch Richard in 1988. He makes both reds and whites.

Like many French wine districts, Bergerac is in a state of transition, some of it negative. Partly because of recession and reduced consumption, and partly because of new world and east European competition, vineyards are being abandoned or replanted with other crops.

Up to 100 vignerons (1,700 now declare a crop) are said to be leaving the Dordogne's top wine-making district each year because they can sell to the trade only at a loss. On the other hand, modern techniques are being employed with success, although prices are still low.

■ Among British merchants usually listing Bergerac wines are: Berawell & Jones, Ipswich, Suffolk; Berry Bros & Rudd, London SW1; Bibendum, London NW1; Haynes, Hanson, Hanson & Clark, London SW8; Lay & Wheeler, Colchester, Essex; Oddbins; and the Wine Society, Stevenage, Herts. Prices range from around £4.50-£6.50 a bottle, with Monbazillac and the sweeter wines from £6-10.



Mick Rock, Cephas Picture Library

The splendid château of Monbazillac: improvements are planned for its vineyards

A curious French-English cocktail

Giles MacDonogh *has some culinary ups and downs in Jersey*

I DID not know quite what to expect from Jersey. I half imagined an island filled with retired Jaguar salesmen with Basil Brush accents – and thought I spotted a few propping up the bar in the Old Court House Inn in St Aubin – but I was put right on this subject by a resident: you need around £2.5m to retire to Jersey, and business in Jags is just not that brisk.

With so much wealth about one might expect to see some of its trappings; but no, the Jersey rich seem on the stingy side. And there is another face to the island: the daily delivery of grockles from all over Britain; the sort who have yet to learn about Benidorm and who eke out their holidays on the tightest of budgets. They may be spotted in the chippies of St Helier wearing multi-coloured shellsuits.

Then there are the natives: a curious cocktail of French and English. The English speak with a slightly Australian-sounding twang; an accent made famous by Alan Whicker.

The French potato farmers keep themselves to themselves – although they can be traced to the public bars on the north of the island – speaking a clear, up-to-date French, and drinking pints of beer.

In spite of the farmers and the French road names, France does not spring quickly to mind on Jersey, although the coast is only 14 miles away to the east.

This is sad. There is something oppressive about Jersey's British holiday resort feeling: the chip shops, the shellsuits; the sites of great natural beauty (of which there are many) where the only available refreshment is a Walls' ice cream or a stale bun. French restaurants have a habit of failing, like the acclaimed Granite Corner on the north side of the Island, praised in the *Good Food Guide*. It has now lost its Perigourdin chef.

Doran's Courtyard Bistro, in St Helier, is a friendly place, but excessively provincial. The cooking is in what one might call the Jeanette Winterson style: the titles of the dishes had all mated with the contents of the fruit bowl. The decent Jersey Pottery Restaurant in Gorey is a tourist trap, luring holiday-makers in to buy lacklustre pots. Portions here are generous in an American way. I ordered a *small* portion of scallops but unwisely neglected to repeat *small* when it came to the lobster salad and was all but defeated by the sheer quantity of food. A starter of melon and crab turned out to be *two* melons filled with the insides of what looked like a dozen large crustaceans.

> Jersey is planning a week-long Good Food Festival from Saturday May 14 to Saturday May 21. And – I know you'll want to book now when you hear this – it is to coincide with the opening of an orang-utan enclosure at the Jersey Wildlife Preservation Trust. I haven't quite worked out why the two have been linked. Monkey business at the island's tourist office?
>
> *Jill James*

Closer contact with France could solve a number of local problems. There is the terrible drawback of so much produce coming from Britain. The only good cheesemonger, Select Tastes in the market in St Helier, suffers from lack of demand for its largely English list. With only two wine merchants to choose from, most has to be brought from London, which results in high transport costs.

Doug le Mesurier, who farms rock oysters at Royal Bay, knows his natural market is France where there is an inexhaustible demand.

On mainland Britain, the law requires him to treat oysters with ultra-violet rays, a costly process which is rendered otiose by the cleanliness of Jersey's coastal waters.

And his oysters are good: some of the sweetest I have tasted; refreshed, he says, by freshwater wells which spout far out to sea. There are other things to be had besides potatoes and tomatoes: Ralph Mouger makes a clean, sappy wine at the Château le Catillon; and if Randalls has stopped brewing beer and gone over to importing from the mainland, the Ann Street Brewery's Mary Ann pubs serve an Old Jersey real ale on hand pump.

There is even a brew pub called the Tipsy Toad making three beers: Jimmy's Bitter, Agile Frog and, if you are in luck, Horny Toad.

To forget the downside of Jersey you must go to Longueville Manor.

Malcolm Lewis, his Norwegian wife, Hild, and his sister, Sue Dufty, are charming hosts. The Lewises left Lancashire for Jersey three generations ago but there are still reminders – like the slab of black pudding with the English breakfast.

Longueville Manor is once again the best place to eat on Jersey, so if you have money to launder in one of the island's banks, do not hesitate. The best way to experience chef Andrew Baird's cooking is the sampler menu at £50 (without wine): a salad of pan-fried *foie gras* with apples and celeriac; courgette and its flower filled with salmon mousse; a ragout of Jersey lobster, scallops and Dublin Bay prawns; the lightest of asparagus consommes; and a pink champagne sorbet. This was followed by best end of lamb complete with vegetables – I fear too large a portion for the menu; marinated goats' cheese on baby vegetables, which I found dull, but I admit I was flagging by then; and a super peach Melba.

I defy anyone to retain an appetite for the petits fours.

The hotel and its kitchen were clearly good enough to attract a big party of Frenchmen who were unloading their bags just as I was leaving. Some days before there had been a commotion on the island when some French fishermen had occupied the Ecréhous reefs belonging to Jersey. As I travelled home it struck me that the Frenchmen at the hotel might have been the advanced guard in some future invasion of Jersey. I do hope so.

■ Information: Jersey Pottery Restaurant, Gorey (tel: 0534-851119) lunch and weekdays only.

■ Royal Bay Oysters (0534-851781).

■ Château le Catillon wines, (0534-852840, fax: 856642).

■ Longueville Manor, St Saviour (0534-25501).

Taking the year's pulse

At this time of the year it is pointless asking restaurateurs for their predictions.

Like jockeys and their mounts at the end of the National Hunt season they are exhausted. Over Christmas and new year they have packed the equivalent of six weeks trading into three, put tables and chairs into corners normally reserved for coatstands and served too many drinks to those who should have known better. Only the fresh air on the way to the bank has kept them going.

To discover what sort of year 1994 would be for the restaurant industry, I turned to Champagne Charlie and Potato Pete, merchants who supply restaurants with their daily needs. These two characters, I have come to appreciate, have their finger on the pulse of the restaurant world.

I took the necessary precautions, in dealing with Charlie and Pete, of avoiding straight questions. Both are entirely honest and trustworthy but they are salesmen. Such an approach would have produced a straight but premeditated response – the last thing I wanted.

My first encounter was with Champagne Charlie, a London wine merchant who has carved a lucrative niche supplying the restaurant trade. He is a born optimist, a man for whom the wine glass is never half empty but rather always half full.

At around 2.30pm he can be spotted around London's restaurants sitting down to a late lunch with the chef, the restaurant manager and the restaurant's wine buyer. Under the table will be a black, square briefcase which contains wines which, he believes, are indispensible for any good list.

"Bloody difficult for the next two years," was his verdict on the restaurant trade. He said it with a smile, conscious of the pleasure he derives from his job, aware that for as long as restaurant-goers' wallets are being squeezed, his job has had to change. He is no longer sniffing, sampling and selling champagne – as he did so pleasurably during the 1980s – but spending more time searching for good value bottles which can be sold in a restaurant for £12 to £15. Of course, he will also be doing the job he dislikes most: monitoring his customers' accounts and making sure they pay on time.

Potato Pete, naturally, shares the same concern about money but he has never known anything different. He started in the 1970s by buying in the old Covent Garden fruit and vegetable market and selling directly to restaurants from the back of a van. His business grew and, in the mid-1980s, he cleverly merged with a big wholesaler. Now he buys £20m worth of produce a year and watches others load the vans. But his working day is no more enviable. Up at 1am, at work until midday and then home for a short sleep, some time with the family and the opportunity to sample London's newest restaurants.

Whatever the future may hold for Potato Pete, he believes that it is never going to be as good commercially as it was in the mid-1980s. Part of the problem is psychological. Everybody in the restaurant trade is so looking forward to the pre-Christmas boost that when it comes it never lives up to expectations.

And there is one very specific reason why the mid-1980s' boom is unlikely to return. While all the restaurants in London may be fully booked for the last three weeks of December, real turnover, for the likes of Pete, lies in the hotel dining rooms which host corporate dinners, office Christmas parties and new year festivities. But company treasurers have been closely scrutinising corporate entertainment.

Charlie and Pete do agree on one point that unites them with everyone else fortunate enough to have held their job: that whatever the financial outcome, they have never had to work so hard. This is not something which will surprise restaurateurs. With unsocial, long hours and an average net return of no more than 10 per cent, this has never been a business for the idle.

However, the situation is unlikely to ease. Those restaurateurs adept enough to survive and prosper over the past three years will still struggle to answer the bookings line quickly enough. Their competitors, in less favourable sites with less appetising wares, will be less fortunate.

Yet the prospects for restaurant-goers are good. Competition, a low inflation rate and increased demand will stop prices rising. And, as restaurateurs realise the importance of marketing, we should all benefit. Seth Lewis, a New Yorker trying to instil New York know-how into his job as food and beverage manager of the Grosvenor House, in central London, puts it succinctly: "Business is good. The trouble is it is only good 40 weeks a year. We have got to make it 52."

Nicholas Lander

Appetisers

Bagatelle in south London must be the most authentic *pâtissier-traiteur* in London. It serves wonderful French-style cakes as well as the usual prepared dishes available from similarly grand establishments in Paris and the French provinces. This year Bagatelle has added the traditional northern French *galette des rois* to its range.

The idea resembles the old twelfth cakes which existed in this country in Swift's time (see the *Journal to Stella*) but which have disappeared.

They should be eaten as close as possible to the Feast of Epiphany (January 6) but they are still available.

Inside the cake there is a coronet. The person who gets it becomes "king" of the day. Be careful of your teeth.

The galettes start at £6.70 for four persons and go up to £29.80 for 16. Bagatelle is also offering the traditional Provencal brioche filled with a rum and orange blossom cream. Bagatelle: 44 Harrington Road, London SW7. Tel: 071-581-1551. Orders 081-453-1340.

Giles MacDonogh

■ Alastair Little, one of Britian's most admired chefs, will run his own cookery school in Italy for four months this year. Little, who has taught occasionally at La Cacciata, in Orvieto, some 130km north of Rome, takes over the school completely for its 1994 summer season. Holidays at la Cacciata cost £750 per guest per week. This includes tuition, accommodation, full board and wine. It excludes flights. Ring Sarah Robson (071-243-8042) or write to 15 Dawson Place, London W2 4TH.

Jill James

FINANCIAL TIMES
SPECIAL OFFER

FT/Transmedia restaurant promotion

The *FT*/Transmedia restaurant promotion is off to a flying start with thousands of cards already sent out. Special thanks to more than 100 readers who managed to get their application forms delivered to us on Monday, writes Nicholas Lander.

To answer several readers' queries: the 25 per cent saving on food and drink, which ownership of the Transmedia card confers, is a constant benefit that can be used in the UK and the US. The added benefit to *FT* readers is the six-month free membership. Nearly 200 British restaurants now accept the card. The following have just joined:

LONDON

Addab, Victoria Road, High Street Kensington, W8. Tel: 937-7076. L'Altro, 210 Kensington Park Road, W11 (071-792 1066). L'Artiste Assoiffé, 122 Kensington Park Road, W11(071-727 4714). Boardwalk Soho, 18 Greek Street, W1 (287-2051). Goya, 34 Lupus Street, SW1 (976-5309). The Room at the Halcyon Hotel, 129 Holland Park Avenue, W11 (071-221-5411). French's, 55 East Hill, SW18 (081-742 2808). Villa Stefano, 227 High Holborn, WC1 (071-831-7318). Cafe St Pierre, Restaurant and Brasserie, 29 Clerkenwell Green, EC1 (071-251-6606). Emile's, *96, Felsham Road, SW15 (081-789- 3323)*. Emile's, 144 Wandsworth Bridge Road, SW6 (071-736-2418). The Actors' Retreat, 326 St John Street, EC1 (837-0727). Bella Pasta restaurants around London.

OUTSIDE LONDON

The Italian Room, 2 Church Hill, Loughton, Essex (081-508- 1167). The Sun Hotel, High Street, Dedham, Essex (0206-323351). The Chequers, Hainford, Norwich (0603-891657). The Anchor, Iunsell Green, Danbury, Chelmsford (0245-222457). Dicken's, the Green, Wethersfield (0371-850723). Bella Pasta restaurants in Bath, Birmingham, Brighton, Bristol, Cardiff, Cheltenham, Exeter, Manchester, Nottingham, *Oxford and Winchester*.

Three corrections to last week's list: Best of Both Worlds Cafe, Britannian Inter-Continental Hotel (071-629-9400). Le Marche Noir, 2-4 Eyre Place, Edinburgh (031-558-1608). Sloans, 27 Chad Square, Birmingham (021-455-6697).

Additionally, this is a sample of the 2,400 US restaurants which take the card:

NEW YORK

The Sign of the Dove, 110 Third Avenue; Hudson River Club, World Financial Centre; *Mickey Mantle's, Central Park South*; Tatou, East 50th Street; The Russian Tea Room, West 57th Street.

BOSTON

Daily Catch, Northern Avenue; Barretts on Boston Harbour, Constitution Plaza, Charlestown.

CHICAGO

Chez Paul, 660 N Rush Street; J. Randolph's Bar & Grill, 155 N Michigan Avenue; Le Margaux, 2442 N. Clark Street.

WASHINGTON DC

Dominique's, 1900 Pennsylvania Avenue; Filomena, 1063 Wisconson Avenue; Occidental Grill, 1475 Pennsylvania Avenue.

SAN FRANCISCO

The Waterfront, Pier 7; The Embarcadero, Square One, 190 Pacific Avenue; Cypress Club, Jackson Street; Tribeca, Beverley Hills.

MIAMI

Green Street Cafe, Coconut Beach; Le Cavour, Dunes Hotel, Collins Avenue; La Cavalleria Rusticana, 42nd Avenue.

PALM BEACH

Cafe L'Europe, Worth Avenue; Mezza Luna, West Palm Beach.

APPLICATION FORM FT/TRANSMEDIA OFFER

Please compete the details in BLOCK CAPITALS and send to: FT/Transmedia Restaurant Offer, PO Box 85, Watford, WD2 4WQ

Title..............First Name..

Surname..Initials..........

Job Title..

Department...

Company..

Billing Address Business/Home (delete as appropriate)

....

....

....

Post code.........................Phone No..........................

Name of additional authorised user

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Which newspaper do you most regularly read?

Weekday...................................Saturday...........................

Applications must be received by January 21,1994
Cards will be sent within seven working days
Visa/Mastercard/Delta Account Number

Card expiry date

I hereby authorise Transmedia UK PLC, or the assignee, to debit the above listed Visa/Mastercard/Delta account directly for all restaurant charges incurred by me or an authorised user and for my annual membership fee (£35), should I choose to remain after the initial fee-waived period of six months. I understand all restaurant charges (other than service, tip and VAT) incurred by me, or an authorised user will be offset by a 25 per cent credit when being debited to my credit card account. I recognise the Transmedia Card is the property of the issuer and will be returned by me on request.

Signature..
(No application will be accepted without a signature)

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HOW TO SPEND IT

The infiltration of the designer suit

Professional men are, at last, seeking more adventurous clothing, says ***John Morgan***

Although the designer suit has been worn by the more trendy professionals for years, there are still some spheres – primarily the law, finance and insurance – in which it remains largely uncharted sartorial territory. Many men working in these areas still tend to stick to the tried and tested uniforms of English classic style and remain suspicious of anything that smacks of the new or avant-garde.

However, increasing numbers are adopting a more fashionable wardrobe: the capital markets are awash with men in Armani suits, and adventurous ties have long replaced more sombre neckwear.

While men have moved closer to fashion, the fashionable designers have embraced the *leitmotifs* of classical tailoring. Katharine Hamnett has produced a "a softened-up Savile Row look".

She says: "It's all about knowing the rules and breaking them. There is nothing sexier than a man in a Savile Row suit."

Milanese designer Romeo Gigli who has just opened an impressive shop in London's South Molton Street, has taken old-fashioned menswear cloths and cut them in his thoroughly modern A-line shape. Likewise Rei Kawakubo, with her simple blue gabardine suit, has stripped the traditional jacket of all clutter associated with tailoring and reinterpreted it in a simple and understated way.

But what exactly is different about a designer suit? It is generally cut in a contemporary way that takes the classic ingredients and reinterprets them, using them sometimes in surprising ways. A designer such as Gigli, for instance, juxtaposes a casual patch pocket on to a dark suit. Hamnett cuts her trousers in an altogether more body-conscious way than would be possible in Savile Row and Rei Kawakubo abandons the heavy construction and padding of old-fashioned tailoring in favour of a suit that suggests the natural line of the body rather than imposing a shape on it.

Traditional tailors tend to work within well-established confines to produce a suit of timeless appeal for the conformist; a designer produces a fashionable garment aimed at more independently-minded individuals. It can be made from subtly different fabrics that often make use of innovative synthetics. It is built with a lighter, relaxed and more comfortable construction. The designer suit is essentially a garment of now and its appearance and feel mirrors society's move towards greater informality in everyday life.

It is therefore a mistake to assume that it is inappropriate to office life. The designer suit's components: a jacket, trousers and sometimes a waistcoat, are traditional and its differences tend to be subtle. To find out just how adventurous men are, we dressed three traditionally-minded fellows in designer outfits. Two of them were so unused to sporting ready-to-wear clothes that they did not even know their measurements. They told us exactly what they thought of the designer suit.

■ *John Morgan is associate editor of GQ magazine.*

Photographer: Tim Jenkins

Neil Crichton-Miller – management consultant

Crichton-Miller, husband of How To Spend It editor Lucia van der Post, was pleased with his transformation into a Comme des Garçons man.

"This suit is wonderful. I have never put on a jacket that feels so luscious. It is really very special and totally comfortable."

In spite of its modernity, he found the navy, wool, two-piece suit perfectly wearable. "It's a very suitable colour and the tailoring is very smart, and much more suitable for a City environment than I could have imagined – I was expecting something much more outrageous."

He loved the subtle colours and he was tempted to buy the suit – but the price put him off.

Wool jacket, £550; matching trousers, £290; cotton striped shirt, £290; silk tie from a selection, £95; belt, £18. All from Comme des Garçons, 59 Brook Street, London W1.

Terrence Bramble – management consultant

Bramble is partner in a venture capital firm and a former Queen's Dragoon Guard. He was less enamoured of his Romeo Gigli metamorphosis. "Although the cloth is quite the sort of thing I would choose and the whole suit is very comfortable to wear, I am not keen on the cut of the jacket: I don't like its short, boxy shape or the patchpockets," he says.

However, Bramble is amused by the large, single button on the cuff: "There are more buttons on my usual cuff than on this entire jacket."

He added: "The modern shape is fine for media types, but I just don't think I would be taken seriously wearing it in my walk of life."

Wool and cashmere double-breasted chalk stripe suit, £560; cotton cornflower-blue shirt, £110; silk tie from a selection; suede belt, £75. All from Romeo Gigli, 62 South Molton Street, London Wl.

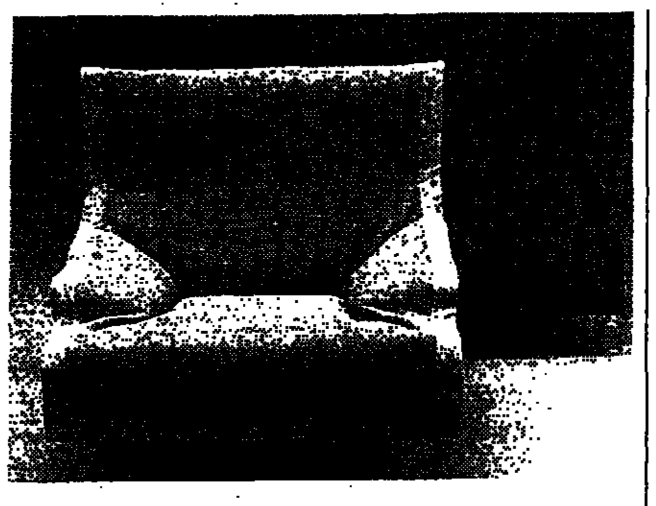
Alasdair Dundas – investment banker

"Apart from not having vents, the line of the jacket is exactly the same as I would order from my tailor," says Dundas, who feels he could easily carry off his double-breasted Katharine Hamnett suit at an important meeting.

He is slightly less impressed with the quality of cloth and thinks the slender trousers might have difficulty accommodating a big city lunch. He likes the shirt, which comes with a detachable soft collar.

"Its fun, different, but it is the sort of thing I might be more comfortable wearing in the evening, although its big soft collar does work well with a city suit and probably would not turn heads. The City is much more adventurous these days."

Wool suit, £565; striped cotton shirt with detachable collar, £85; silk tie, £39.50. All by Katharine Hamnett, 20 Sloane Street, London SW 1; 38 Princes Square, Glasgow; and other stockists.



Those who have long hankered after a piece of fine contemporary design but have found the prices daunting should note that Atrium has a splendid sale running until February 5.

For instance, Charles Rennie Mackintosh's much-photographed Hill House chair (the one with the long, long ladder-back) is £450 instead of £629. Le Corbusier's black leather and chrome chair is reduced from £2,085 to £1,450 and Cassina's Sinbad chair and sofa (photographed above) are reduced from £1,439 to £975 and £2,050 to £1375 respectively.

If none of these pieces meets your needs, Atrium has another inducement – almost any of its usual collection of pieces will be offered at between 10 and 15 per cent less than the standard retail price. If you have ever longed to own a Le Corbusier chaise-longue, a Mackintosh side-board, a sofa by de Sede, now is your chance.

Atrium is at 22-24 St Giles High Street, London WC2.

■ Sarah Stacey's article last week mentioned a directory of qualified aromatherapists. The directory is available (in return for a 6x9 stamped, addressed envelope and a cheque for £1.40) from The International Federation of Aromatherapists, The Department of Continuing Education, The Royal Masonic Hospital, Ravenscourt Park, London W6 0TN.

■ For the happiest of reasons (the couple are getting married in June) there are two places on the FT safari from February 2 to 19, to witness some of the great sights of Africa – to go among the elephants and the wildebeest migration with Iain and Oria Douglas-Hamilton and to see the chimps on the shores of Lake Tanganyika with Roland Purcell. Call African Explorations on 0993-822443 for details.

L v d P

Glamour and warmth in thermal underwear

Vests and long johns can be shown off. ***Lucia van der Post*** *reports*

The whole point of underwear is, of course, that it was designed to be worn *under* the real McCoy, the clothes in which we present ourselves to the world. Of late, though, it has been a commonplace that what was once kept hidden is proudly revealed. British Vogue, in its January issue, goes so far as to show a photograph of the perfectly formed Kelly Klein (wife of Calvin) wearing ... guess what ... to a party in New York? A thermal vest. Not an embroidered bustier or a frilly bit of froth but a sensible (though sleeveless) thermal vest. And she was not wearing it underneath anything, it was what passed for her only top.

Anybody who feels they might look equally fetching going to parties in thermal vests is spoilt for choice. So, too, are those who may want them for rather more mundane reasons, such as feeling a little on the chilly side. Thermal wear, I should hasten to say, has no precise meaning – it simply stands for something light and warm and indeed it is its lightness in relation to the warmth it offers that is thermal clothing's best asset.

Spaghetti-strapped lace-trimmed clover knit Opera top from Damart, £8.99

The best skinny little numbers can be hidden away under jackets, silk shirts, evening dresses and supply warmth without bulk. Their very skinniness makes them perfect with jeans, with the new season's drawstring pants (to minimise the bulk around the waist), or, with just a little bit of lace edging peeping out from under a jacket, under a silk shirt or a cashmere cardigan.

Damart, possibly the most famous of all the thermal clothing suppliers, goes in for a special fibre of its own – Thermolactyl Chlorofibre – and this year it has combined it with Modal to give an even lighter, softer texture.

Through its mail order brochure (ring 0274-568234 for a copy) you can still buy the straightforward thickish long johns (£17.99) and long-sleeved vests (£19.99). However, for some time Damart has offered much less utilitarian options and this year it has recruited the designer Juliet Dunn. The result is a well-priced collection which should have something for almost everybody – vests for children, lace-edged long-sleeved vests (£16.99), short-sleeved vests with delicate lace trim at the neck and trimming on the sleeves (£12.99), while its camibrief (£12.99 and like a very lacey body, only warmer) would look glamorous under a tuxedo.

Marks and Spencer's Warmwear line, introduced last year, is particularly versatile (I wear it as nightwear on safaris) and although M&S has more or less run out of this winter's supply, there is still some to be bought if you look around.

C&A produced some excellent thermal wear this winter, combining practicality with glamour and all at great prices. It still has quite a good selection in most of its stores. It, too, has homed in on glamour with lots of lace trim and scalloped edging and soft fabrics so that tops in particular can do double-duty as outerwear.

Hanro's lace-trimmed vest, £39.50 and matching briefs, £22.50

Top of the range names to look out for are Hanro, a Swiss make, which besides the usual cotton and fine wool has a particularly "thermal" range made from a combination of fine wool and silk. To team with the skinny vests (round-necked, V-necked, short-sleeved, long-sleeved) it has equally skinny and delicately lace-trimmed pants (briefs, long-leg and very long-legs). Stocked by Fenwick of New Bond Street, Harvey Nichols and Harrods, both of Knightsbridge, London SW1 and other good department stores, prices are higher with a pair of briefs selling for about £15 and a set of wool and silk long johns and long-sleeved vest costing about £120.

Keeping warm the C & A way – denim-blue body hugging cotton top, £8.99 teamed with high-waisted cotton grey-marl briefs, £4.99

John Smedley fine-guage woollen and sea-island cotton underwear has become a cult name. Beautifully made, the woollen range is clearly the one for chilly mortals to seek for the combination of simplicity and fine quality. Prices start at about £30 and it is sold by S. Fisher of Burlington Arcade, Way In at Harrods and by many good stores (phone 0629-534-571 for stockists).

SPORT

Tennis

Sampras serves notice

*The Australian open starts on Monday. **John Barrett** sees the men's world No 1 full of confidence on and off the court*

The world number one was unusually outspoken. "I have come here to win the Australian Open. I will be satisfied with nothing less," said Pete Sampras at Peters New South Wales Championships in Sydney, where he powered his way through to today's final.

His opponent in that final, Ivan Lendl was less forthcoming. Refusing to be drawn into making a forecast about the likely winner of the A$8m (£3.6m) championship, the first grand slam event of the year which begins at the National Tennis Centre in Melbourne on Monday, the former world champion grew tired of parrying the questions and said mischievously: "OK – I'll go out on a limb ... Steffi Graf!"

Sampras and Graf will rightly be strong favourites to win the main titles at Flinders Park. Yesterday's draw has thrown Sampras and Lendl together again. If they both survive as they should (and only Lendl's stamina over five sets at the age of 33 in the intense heat makes that uncertain), then we could enjoy another minor classic. Lendl seems to have regained his zest for the game. He is moving more quickly, serving magnificently (a record 28 aces against the unfortunate Richey Reneberg who is likely to be his second round opponent in Melbourne) and making fewer unforced errors than last year.

Sampras, too, has found his form. There was a scare on day three when, after leading 6-1 4-0 against Jason Stoltenberg he found himself a service break down in the final set. Against Aaron Krickstein on Thursday and Petr Korda yesterday, Sampras looked every inch the world's best.

He was keen to beat Korda to gain revenge for a particularly painful loss to the left-handed Czech in the last tournament of 1993, the Compaq Grand Slam Cup. In that gruelling 4½-hour semi-final, one of the most dramatic matches I have seen, Sampras was tottering about like a punch drunk boxer and Korda writhing on the court with cramp. Sampras failed to convert any of the five match points he held and eventually surrendered 13-11 in the final set, totally spent and physically sick.

That defeat came at the end of a wonderful year in which the American won eight tournaments, including a first title at Wimbledon and a second at the US Open. Sampras was already sure of his No 1 ranking when he suffered his only loss in a final – to the new German hero, Michael Stich at the IBM/ATP Tour Championship.

Sampras had not intended to defend his title in Sydney because he felt last year that he had played too many matches by the time he lost to Stefan Edberg in the semi-final of the Australian Open.

But a first round loss last week in Doha to the little known Moroccan, Karim Alami, a player ranked below 200, caused him to change his mind. The manner of that loss was worrying. Sampras led by a service break in the final set before "choking on his lead", according to a reliable eye witness. This rude shock prompted Sampras to ask for a wild card into the Sydney draw. Even the best laid plans of mice and millionaires must sometimes be modified.

Jim Courier, who has won the Australian Open for the last two years, has dropped to No 3 in the rankings and has been drawn in the same half as Sampras. If these two do meet in the semi-finals expect a battle royal. Courier is convinced that he would have won their Wimbledon final against a fading Sampras if only he had captured the fourth set.

The new No 2, Stich, has first Korda and then Edberg in his path. Edberg comes fresh from success in Doha and seems to have found his service rhythm at last. If he has, then he may be the man Stich has to watch. In their Grand Slam Cup semi-final Edberg recaptured his 1988 form. Can he still stretch that form over five sets, that is the question?

The women's title seems wide open for Graf. The stabbing of Monica Seles last April removed the only player capable of beating Graf regularly. In her absence Graf duly annexed the last three grand slam titles of 1993 to bring her total to 14.

The game has been robbed of a rivalry that promised to equal those other historic rivalries – Wills v Jacobs, Brough v Connolly, Court v King, Evert v Navratilova – that have been central to the game's evolution. Their final here last year, won by Seles 4-6 6-3 6-2, was one of the great contests of 1993.

When these two will next meet is a matter of conjecture.

Seles, ever the perfectionist, has been training and practising hard but will pick her moment so that she can be certain of returning with a win. The latest communiqué suggests that she might decide to emerge next month, probably in the US.

Although 27 of the top 30 women are here, with Seles, Martina Navratilova and Jennifer Capriati all absent the draw does look thin. It is worrying that there are so few young players capable of challenging the leaders. With Graf in the top half is fellow German, Anke Huber, who gave Seles a hard match here two years ago. Her coach Boris Breskvar (he was Boris Becker's original coach) told me that she is now capable of beating Steffi. Whether or not that is wishful thinking we may soon discover.

In the lower half the effervescent Spaniard, Arantxa Sanchez-Vicario is seeded No 2 for the first time. She may have a tough quarter-final against Manuela Maleeva-Fragniere who retires from the circuit after this championship and wants to go out with a bang.

If Sanchez survives she may face Gabriela Sabatini in the semi-finals. The Argentinian has reappointed her original coach, Carlos Kirmayr of Brazil. I do not envy him the task of revitalising a player who has not won a tournament since the 1992 Italian Open and whose serve seems to be getting worse rather than better.

Elsewhere the talent cupboard seems to be bare. No, if Graf is not to win it then I cannot suggest who might. Please hurry back Monica, please.

Searching for the old rhythm: Gabriela Sabatini needs to rediscover her form if she is to challenge Graf in Melbourne

Rugby Union: The Five Nations

Championship on the line

***Derek Wyatt** looks at the key tactical battles in today's international at Cardiff*

The Five Nations Championship opens this afternoon with France (the champions) playing rejuvenated Ireland, and Wales (the holders of the wooden spoon) entertaining Scotland in Cardiff. These games will provide an early test of how much the coaches have learnt from last season's experience with the new laws.

This is the second year since the changes. Two changes have proved particularly significant. The first is that if a penalty is kicked into touch, the team doing the kicking is awarded the throw-in. As the number of penalties has grown this has put a premium both on the line kicker, who cannot afford to miss touch, and the line-out. Win the line-out and you win the match.

The second-row forwards must now be better line-out performers than scrummagers. The hooker must throw in better than he can hook. It does not matter (as the French have shown) who throws in, as long as they throw accurately.

Throwing has changed too. The two hookers in Cardiff today, Garin Jenkins and Ken Milne take the ball behind their head (and therefore out of their line of sight). Darts players throw from in front of their face and it makes sense for hookers to follow suit, as does Sean Fitzpatrick, the New Zealand captain.

The French won the first Test against Australia in October but this was a fluke because they lost the line-outs. If the Welsh second row pairing of Phil Davies and Gareth Llewellyn out-play the new cap, Shade Munro and the old stager, Neil Edwards, as they should do, then Wales should win.

From the line-out the object is to cross the imaginary gain-line as close to the forwards as possible. This has meant that all three back-row players and the scrum-half try to batter their way through the first line of defence. Expect endless variations on this theme from the Scottish trio of Derek Turnbull, Robert Wainwright and Iain Morrison. The key is to make sure that the ball comes back on your side.

When their teams win this position, the fly-halves, Gareth Jenkins and Craig Chalmers will hoof the ball up in the air – the "bomb" in rugby league, the more prosaic Garryowen in union. When the ball comes down a defender will catch it surrounded by the opposition who will make sure the ensuing maul or ruck is inconclusive so their team wins the put-in at the scrum. This change in the laws has altered the very nature of the game.

Wales have no players of sufficient individual brilliance to win matches on their own. Scott Quinnell, Rupert Moon and Neil Jenkins at number eight, scrum-half and fly-half respectively have to hold the side together. Jenkins is having a fine season at club level but has struggled in his 17 internationals (much as Rob Andrew did during his first 20 caps). Wales so badly need a fly-half. I hope it is his day.

The only certainty about Scotland is that they will turn up for the game. They will need to experiment early on in the line-out by shortening them and must not be afraid to run the ball from deep positions. Too often they have waited until the last quarter of the game before gambling and too often they have depended on Gavin Hastings' place kicking abilities.

Wales and Scotland fear failure and will keep their tactics simple. Both teams will kick for yardage again and again. Wales must win. Scotland cannot afford to lose.

Colorsport

Key players: Scott Quinell supported by Gareth Llewellyn

Rugby Union: Television Contract

A change in view

***Derek Wyatt** looks at the battle over television money*

English rugby's governing body, the Rugby Football Union, has decided that it will not go it alone in the current television negotiations for the Five Nations championship. The RFU's executive committee met yesterday afternoon and decided to present a united front with its counterparts from Ireland, Wales and Scotland.

Rugby's television contract from September 1, 1994 is for sale and as rugby is a sport of political intrigue, the debate about who will win has caused much commotion and emotion off the field. War broke out on the four home unions television sub-committee when the RFU suggested that the traditional equal split of everything needed reassessing.

The problem is that the French Federation de Rugby already has its own deal for the Five Nations and for years has received more money than any of the four home unions. The RFU was tempted to follow the French example.

At least yesterday's meeting means there will be an equal split of the television revenues, but from only the domestic rights of the Five Nations Championship. "We're still thinking of a three-year deal," said Dudley Wood, the RFU secretary, "but we wouldn't rule out a five-year option if the money was right."

When the Five Nations Championship television contract was last put out to tender, three years ago, there were two bidders: ITV and BBC. ITV was confident that having secured the 1991 Rugby World Cup it would win the Five Nations as well. It did not. The BBC bid £10m which the four home unions split equally.

But it was not quite that equal. Sport is not taxed in the Irish Republic, so the Irish RFU's £2.5m is tax free. Wales' share was augmented by a £1m contract with BBC Wales for club rugby.

The Four home unions need large amounts of cash. The English, Scots and Irish are rebuilding their stadia. All are following England's lead in expanding their infrastructure.

If a broadcaster came up with a generous five-year offer, the four home unions would be compelled to take it. There are also signs that the RFU's loyalty to the BBC may be wavering. "We will have to go to the highest bidder," said Wood. "We have the Twickenham West Stand to rebuild."

For the first time, Sky Sports will be a contender. Sky follows Rupert Murdoch's philosophy of using big sports events to build viewing figures. Murdoch's Fox Network in the US has just paid $1.6bn (£1.1bn) for NFL Football and has already made a play for the 1998 Winter and 2000 Summer Olympics. If Sky bids for world rights for the Five Nations for the next five years it could push the price above £60m.

England's argument for more of the cake is irrefutable. Its team is the box office draw and Twickenham was full for the London Division game against the All Blacks, and the Varsity Match established a new record for a club game. Wales could not sell out its fixture against Canada; Ireland failed to fill Lansdowne Road for its game against Romania.

In order to attract the highest price the home unions will have to make their fixture schedule more attractive. They can introduce a season-opening fixture, for example a President's XV v a World XV (with the gate going to a rugby charity; an idea that has been considered and turned down by Twickenham). The Barbarians game could be moved to the beginning of all tours and make way for a Lions match at the end. The Five Nations matches could be played on both Saturdays and Sundays and moved nearer to the end of the season to allow club and provincial rugby to breathe.

The four home unions sub-committee has been slow to understand the changes in the media since the last television contract was negotiated. It simply cannot afford to get it wrong this time.

Skiing / Arnie Wilson

Anything goes on Tahoe's slippery slopes

The lake is magnificently beautiful. The huge gambling areas, nightly cabaret spots and neon lit razzmatazz are magnificently gaudy

Devil or Angel – an old 1960s potboiler – was playing on the car radio as our Chevy rolled into South Lake Tahoe ... Las Vegas on ice. The song might have been written specially to describe this tinseltown sprawled across the state line between California and Nevada.

This is where the good, the bad, the ugly, the magnificent, the seedy, the spectacular and the kitsch finally meet in one extraordinary, vibrant melting pot.

No matter how long the drive has been – in our case 10 hours – or how tired you might be, as you nose through the glare, the flashing neon lights that illuminate the lakeside gambling hotels also fire up an energy transfusion. All thoughts of snuggling into a king size bed suddenly evaporate.

The Nevada side of Lake Tahoe, where you can gamble 24 hours a day, is not designed for sleep.

If it were not for the cold shock of a million artificial crystals blasting you in the face from one of America's biggest snow-making systems, you might never wake up properly even on the mountain, which would be regrettable since you would miss the breathtaking views from Heavenly across this huge cobalt blue lake.

This year, as it nears its 40th birthday, Heavenly Valley, as it was originally called when 19th century settlers found "heavenly relief" from the valley heat, has finally dropped the 'valley' and is now plain Heavenly.

What is unique about the mountain, apart from the quite extraordinary views of Lake Tahoe on one side and the Nevada desert on the other, is that you actually ski in both states.

Most people start the day at the Californian-based lodge where the tram takes you to mid-mountain. From there you can ski to the bottom of the recently installed Sky Express high-speed quad which whips you to the top of Monument Peak at more than 10,000ft.

From there you can either glide back down on any number of fast blue cruising trails – pausing, as you are bound to, in order to gaze out on the shimmering lake – venture via the likes of Big Dipper, Comet and Stagecoach into naughty Nevada where gambling, prostitution and just about anything else goes.

Most of the mountain is intermediate cruising, although in good snow years (so far this is not one, but last year was superb) there is an abundance of excellent powder skiing among the trees.

Mott and Killebrew Canyons on the Nevada side, with runs such as Snake Pit and Ramarrah's, provide a swashbuckling back country area for experts.

There is nothing like Lake Tahoe anywhere else in the American West. The lake is magnificently beautiful; the huge gambling areas, nightly cabaret spots and neon lit razzmatazz magnificently gaudy.

It is almost a relief to escape to Squaw Valley where the lake is over the hills and far away (though still visible) and the volume and the lights of everyday living have been discreetly turned down.

At Squaw, the venue for the 1960 Winter Olympics, you have six mountains to choose from, including some of the toughest terrain in Tahoe. Beginners love it here too because, unusually, the nursery slopes are perched high on Emigrant Peak which means they can ride the tram and even ski all the way down at the end of the day if they have enough skill or gumption.

Squaw, for years without much in the way of local lodging, now has an excellent base resort where skiers are pampered in luxurious surroundings without a flashing neon sign to be seen.

With good reason, Squaw and Heavenly are the best known of the Tahoe resorts but there is a wealth of other ski areas – 15 in all – circling the lake. Even if you have a fortnight here you will never get round to them all. Try to find time, however, for Kirkwood, off the beaten track south of the lake, where there is some steep, invigorating terrain with a craggy, wild west movie backdrop, and Mount Rose, now linked with its neighbour, Slide Mountain. Between them they have a good mix of challenging gradients and exhilarating tree skiing that should bring a smile to most skiers' faces.

Diamond Peak at Incline Village has good family skiing and views of Lake Tahoe that rival even those from Heavenly.

Heavenly's first skier was a postman called John "Snowshoe" Thompson. Snowshoe's 90-mile mail route carried him from Hangtown (now Placerville) in California's gold country, over Monument Peak Pass, down the Nevada slopes of Heavenly to Genoa, Nevada's first settlement.

As the local tourist office points out: "Lucky Snowshoe must have gotten some unbelievable first tracks!"

■ *Arnie Wilson's visit to Lake Tahoe was arranged by Virgin Holidays, Sussex House, High Street, Crawley, West Sussex, RH10 1BZ. Tel: 0293-617181. He stayed at the Horizon Casino, Lake Tahoe, California.*

■ *This article was written before Arnie set off on the Round the World Ski Expedition.*

FT Round the World Ski Expedition

Arnie Wilson's trip around the world, on which he aims to ski every day in 1994 and to notch up 5,000 miles on the slopes, is proving such big news in North America that he and his companion Lucy Dicker, are struggling to find time to ski.

He reports: "When we reached Pebble Creek, near Pocatello in Idaho, three TV crews were waiting for us. In the gathering dusk they were torn between interviewing us and filming us skiing. There was just enough light for one run – a steep mile of scratchy moguls – and my fall at the end was gleefully captured on camera.

"That night, the potato state was treated to TV pictures of Wilson on the deck ..."

■ There is still time to win a skiing holiday for two in Zermatt or runner-up prizes of champagne by entering the competition which appeared in Weekend FT on January 1 (copies available from the FT shop, tel: 071-873 3324).

Off the beaten track in London Docklands

Peter Marsh seeks some of the capital's hidden jewels

Anyone who is in London and looking for something different should head for Stave Hill. Although it is only a little over two miles from the Bank of England, in the heart of the City, the hill is well off the beaten track and a marvellous place from which to view the capital.

Stave Hill is an artificial mound in the middle of what were Surrey Docks – now mainly filled in as part of the £10bn Docklands development programme. From the top you can see the tall buildings of the City to the north-west, the smooth brutality of Canary Wharf on the Isle of Dogs to the east, gently sprawling Victorian suburbs to the south, much bland, although not completely soul-less 1980s housing all around, and – the real star – the grey, restless waters of the Thames snaking away on both sides.

Stave Hill, especially on a cold, misty winter's day, is far from beautiful. But it is a convenient place while on a walking tour of Docklands to pause, look around and try to understand London.

Much has been written about how Docklands – 8.5 square miles that take in Wapping and the easterly Royal Docks as well as the Isle of Dogs and Surrey Docks – has been ruined by lack of planning and good architecture. Critics of quick-built dross can have a field day.

But such complaints miss the point that, throughout its history, London has rarely seen much planning and has witnessed a great deal of bad building. Even so, the extraordinary diversity of the capital means there is much to admire. And so it is in Docklands: seeking out the jewels requires some effort.

To explore a representative segment of the area on both south and north of the river you will need a day to spare, good shoes and the ability to refocus your mind on a part of London far from fashionable.

A good place to start is the *FT's* headquarters on the south side of Southwark Bridge. From here you can meander through a maze of Victorian streets to the sturdy 18th century St George's Church standing on the borders of Borough and Bermondsey. A few minutes' walk along Long Lane takes you to a scruffy car park where Bermondsey Abbey stood for about 500 years until it was demolished in the 16th century.

There should be time for a brief tour of the local leather works, erected in the last century though sadly dilapidated, before heading off along Spa Road to the old Peak Freans biscuit factory and Southwark Park – a pleasantly laid-out tribute to Victorian public spirit which was opened in 1869 on the site of marshland.

Now you can explore Surrey Docks – formerly a collection of artificial inlets and ponds dug out mainly in the 19th century. Most of the docks have been built over, but Greenland Dock and South Dock are intact and Russia Dock, immediately to the south of Stave Hill, has been turned into parkland, reminiscent of what the area as a whole looked like before industrialisation took over in the 18th and 19th centuries.

Before getting too caught up in tracing the sites of the old docks, for which you need curiosity and an old map, you should branch off to the ancient village of Rotherhithe, squeezed between the 1980s developments and the river.

Rotherhithe is a bit the worse for wear but has charm. Look out for the 18th century St Mary's Church – the four pillars inside are made not from stone but from tree trunks – and the Mayflower pub near where the Pilgrim Fathers left for America in 1620.

A short detour takes you back westwards for a mile along the river, past the evocatively named King's Stairs and Cherry Garden Pier, for a walk around Shad Thames. This still contains many of the warehouses constructed when the Thames was the world's busiest waterway.

Retracing your steps to Greenland Dock, make for Deptford and the Pepys council estate, surrounding some victualling buildings which were a feature of the famous royal dockyards built by Henry VIII in the 16th century.

Continuing east you go through a shabby riverside thoroughfare called Stowage – don't stop unless you want to buy some spare parts from the car scrapyards which line the route – before reaching Greenwich. Here you take the pedestrian tunnel under the Thames to the Isle of Dogs on the north bank.

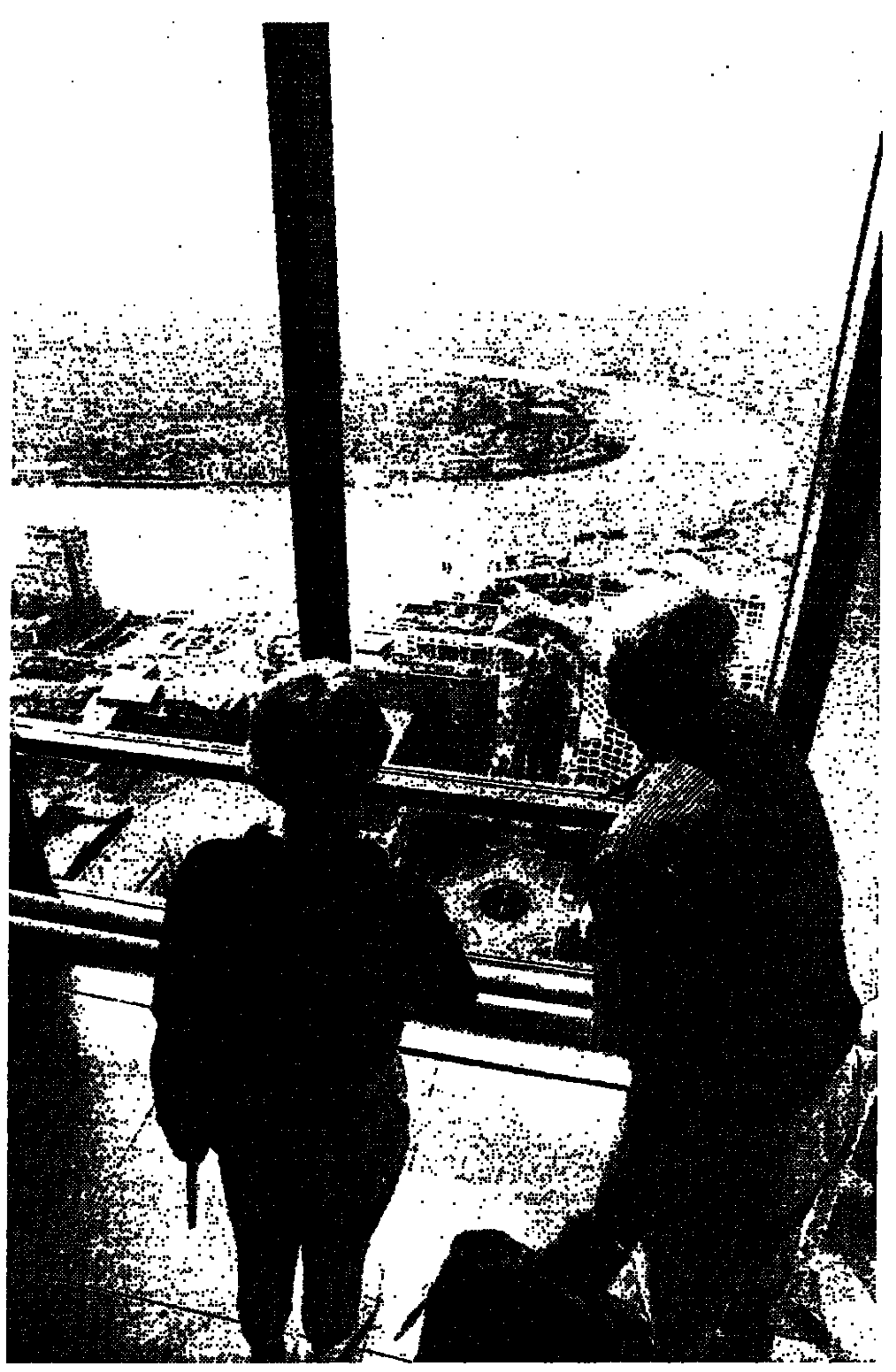
Until 200 years ago, the area (not an island but a peninsula in a loop of the Thames) contained hardly anything but a few wharves and windmills and a lot of mud. Then came the great phase of dockbuilding, followed by the mega-development of the past decade with its brave, brassy buildings, many of them looking impossibly flimsy and destined to last not much beyond the early years of next century.

Be sure to inspect the sad-looking, early-20th century housing around the area's perimeter, and walk over the Mudchute, the local park built up from solidified silt dredged out of the Millwall Docks in the 1890s.

The outline of the new buildings framed against the water of the docks – which the developers have largely left alone – and the sky are often spectacular. However, the best view is from the parcel of land just west of Canary Wharf overlooking the river.

Ignore the not-quite-finished buildings and the piles of rubble signalling their hasty abandonment. Concentrate on looking out at the setting sun, the remnants of the Rotherhithe wharves opposite, and the calm of Limehouse Reach stretching towards the City.

It is a place to reflect that, often, the best and worst of London can be focused on the same spot.



Ashley Ashwood

The restless waters of the Thames viewed from Canary Wharf tower's public viewing gallery

Few seek out Qatar's riches

Doha, capital of the oil state of Qatar, does not receive many visitors these days. In the oil-boom years, which faded in the early 1980s, foreign businessmen streamed in to sell their wares and services. Now that the capital has been rebuilt to the highest standards and the services are generally second to none, most businessmen go elsewhere.

On a map, Qatar appears like a swollen thumb jutting northwards into the waters of the Gulf – 100 miles long and 44 miles wide, a small appendage to the vast Saudi Arabian hinterland. Its oil and natural gas have taken it from rags to riches.

After Kuwait's experience at the hands of Saddam Hussein, there is safety in reminding the world that Qatar, too, is an independent state. Tourism is one way of doing this. In the last year or so, international sports tournaments – tennis, squash and sailing – have helped establish the idea of Qatar as a safe and relaxing place.

For me, there are two good reasons for going there apart from the warm winter climate. One is the award-winning National Museum (conceived by the British firm, Michael Rice and Company); the other is the Doha Sheraton, my favourite hotel in the Middle East.

Nowhere else have I seen a museum that captures a sense of national identity so brilliantly. In a couple of hours, visitors can grasp not only what makes this little country tick but also what life is – or was – about, up and down the Gulf coast, from pre-history to the oil age. You can learn about cooking methods and pearl diving, bedouin life and boatbuilding, oil and Islam.

The museum is based on the modest palace, built in days of still-remembered poverty, where the present Emir was born. Connecting walls have given way to gravel paths, desert flowers, shady trees and a carefully-integrated new block. Beyond the new block is a colourful aquarium and a yacht basin for traditional wooden vessels that swarm with children at weekends.

At the other end of the social scale is a little old house probably built for a pearl diver. Now the ethnographical museum, it offers a more vivid idea of domestic life as it was until recently.

Doha is built around a crescent-shaped bay, its skyline dominated by the Sheraton, which soars majestically. The $150m hotel was built by the government for an Opec conference and for hosting Arab summits. Making a profit and attracting visitors are secondary considerations, however, since the hotel is a national status symbol.

What never fails to excite me is its extraordinary architecture and setting. This three-cornered pyramid is based on the idea of a tent, with coloured-glass lifts soaring up a marble-clad "tent pole".

"You want to go to goo?" my ever-helpful Bangladeshi driver asked, knowing I had a couple of hours to spare. "What's there?" I asked weakly. "Lion, tiger, monkey – very nice." We went to the goo. But it was family day and the policeman was not convinced that the driver and I constituted a family.

Instead, we drove west from Doha to see the Emir's herd of rare Arabian oryx. Rearing these graceful antelopes is his personal contribution to wildlife conservation.

You would hardly choose Qatar for the scenery. One stretch of flat desert is the same as another – except, that is, for the mountainous dunes near the Inland Sea in the far south. Best of all, make friends with an expat family and join a weekend camping party that will give you the chance to see the dunes at their most dramatic, at sunrise or sunset.

Geoffrey Weston

Travel 1994 Brochure Guide

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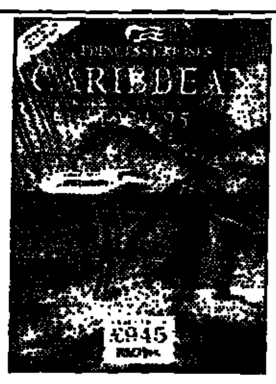

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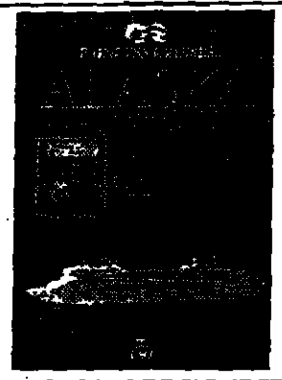

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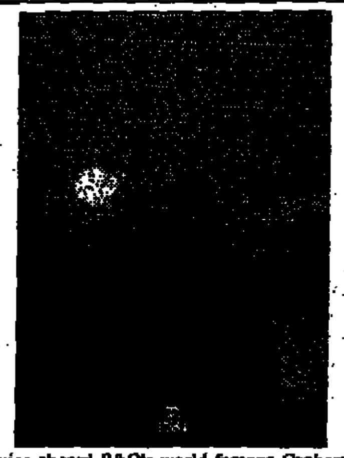

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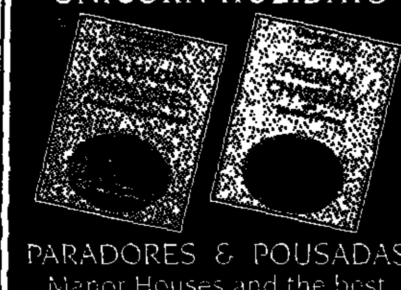

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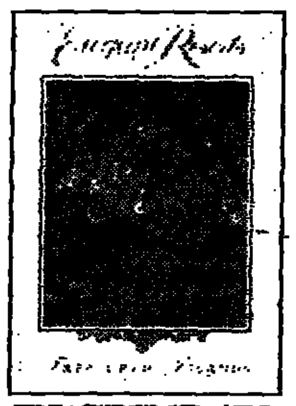

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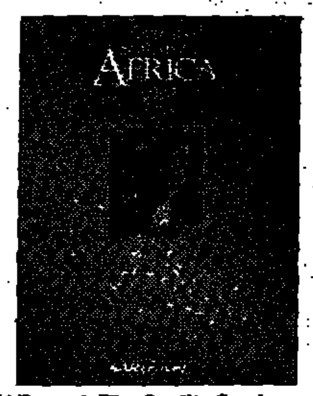

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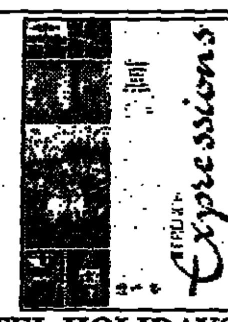

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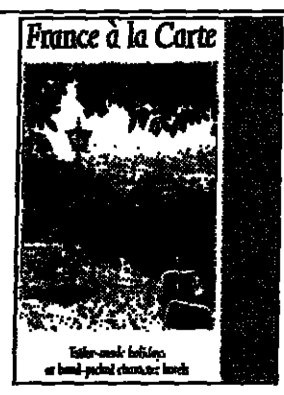

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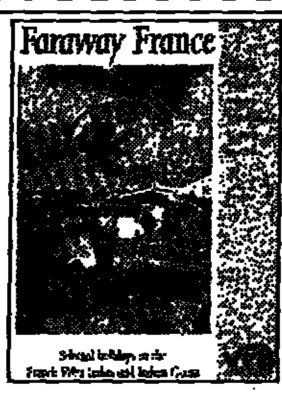

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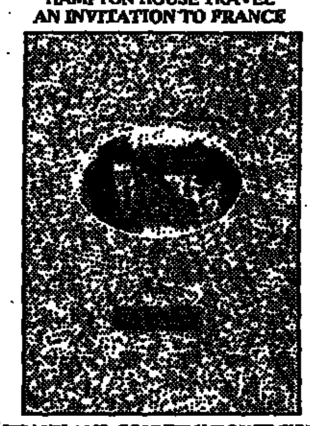

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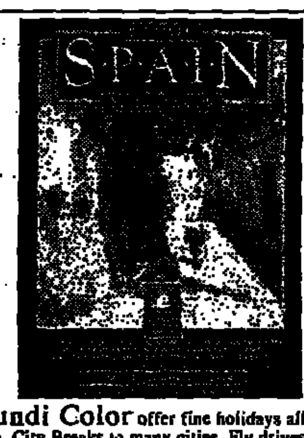

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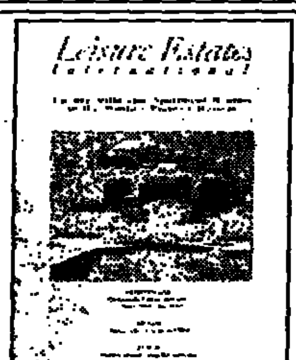

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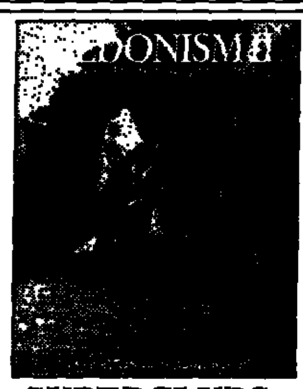

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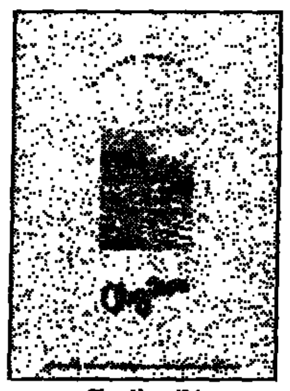

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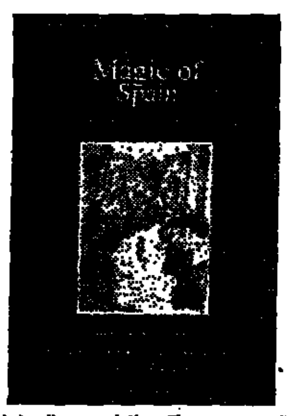

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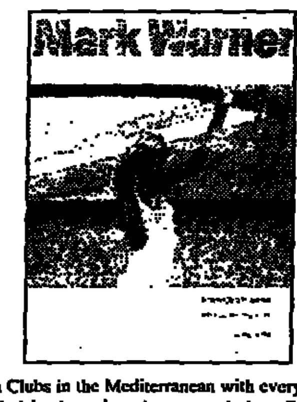

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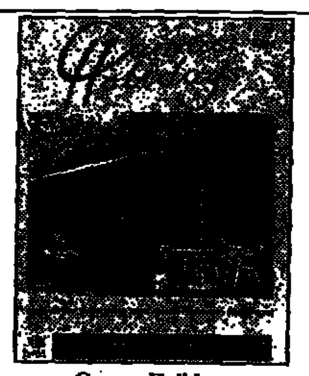

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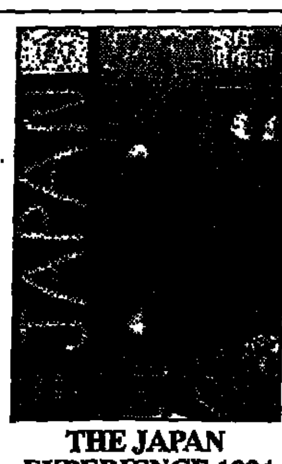

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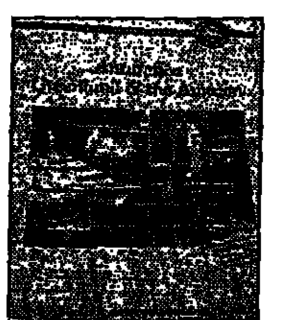

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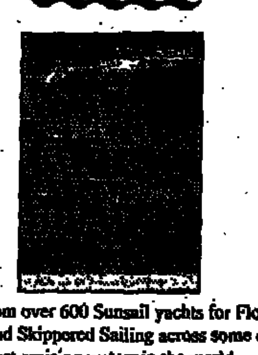

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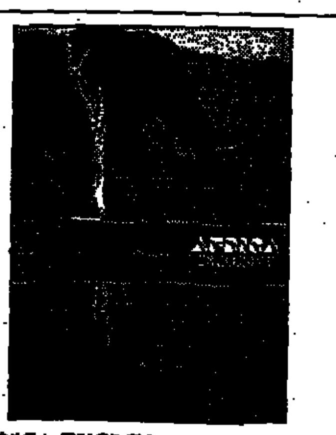

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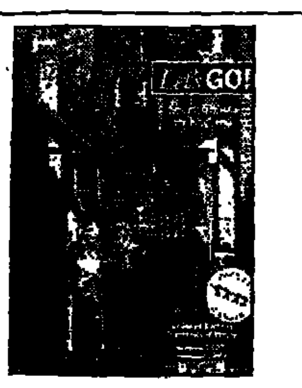

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TRAVEL

The wild west lives in Australia's centre

Nicholas Woodsworth rides with lean and mean John Brack, a fine example of Outback Man

IT WAS chilly and raining when the Ghan pulled into Alice Springs, in the middle of Australia. Beside the railway tracks, in the empty, wine-box-littered bed of the Todd river, where they camp, ragged and barefoot Aboriginals hugged themselves for warmth.

In town, runnels of water made dirty red maps on the sides of dust-coated cars. Outside the pubs, dogs crouched bedraggled and patient in the back of pick-up trucks. Alice seemed a sodden sort of place. This was not the outback I had imagined.

Perhaps I had been too much influenced by the train brochures I had read. The Ghan, I learned, was named for the Afghan cameleers who had been brought in last century to open up the 1,100km transport route across the outback from Adelaide, on the southern coast of the continent, to Alice in its red centre. The train follows the same route.

Why Afghan cameleers? Because tough, wily, desert Afghans were best equipped to survive travel in this vast and inhospitable area. Who better than men of the desert to cope with endless spaces of rock and sand and sparse bush, with blinding sun and brain-addling heat?

Not only were they tough but, Moslems, they were the only men in the country who did not drink like fish; they alone could be trusted to bring liquor supplies through to the stockmen and miners, the traders and homesteaders in the thirsty bars of the interior.

The frontier atmosphere, the isolation, the harshness of the land and the thick-skinned durability of the people who live there, appealed to me. In the sprawling cities and suburbs of the south I had seen the way 90 per cent of Australians live.

The suggestions of beer commercials to the contrary, few Aussies today have to cope with giant spiders in backyard dunnies. The place where man heroically confronts nature, once central to the character of every Australian, now lies far to the north in the remote heart of the continent.

A few days spent camping and riding there would, I thought, provide an antidote to urban life. Heat and dryness I had anticipated; no one had mentioned the danger of floods or freezing to death. But then, it seems, the outback is a place that breeds all kinds of extremes.

No one was complaining about the weather at the Ross River Homestead, a simple but comfortable outback resort an hour's drive from Alice along the edge of the rocky MacDonnell range. For the last three years the vast cattle stations that make up the region have suffered severe drought. The hardiest of grasses died off, dams and tanks dried up, and cattle had to be trucked south to richer grazing lands.

None of this was apparent from the guest bungalows sitting below the sharp ridge of iron-red rock that faces the Ross River. Beyond a paddock shared by a flock of squawking, pink-crested galahs and half-a-dozen slowly ruminating camels, the bush stretched away fresh and green. Young leaves were swelling and the ground was soft and green. In the three weeks since it had begun raining, the bush had been transformed.

Without a searing sun and at least a sand dune or two, a camel-ride seemed somehow inappropriate. Instead, the chilly weather begged a bracing and energetic outing on horseback. Early the next morning I was sitting astride Nibbler, a chestnut gelding, and setting off for the hills in the company of lean, mean, cowboy-hatted John Brack.

Was the entire Ross River outfit staffed, for the sake of authenticity, by characters who might have wandered in off a Crocodile Dundee set? It seemed so to me. There were any number of horsemen who might have accompanied me on my ride: Ian, a blue-eyed Paul Hogan look-alike who, in desperado fashion, sloped around the homestead in boots and an ankle-length oil-skin coat; Grub, an energetic young ringer, or cowboy, whose work around camp-fires and horse paddocks left him permanently dirt-caked from head to toe; Froggie, a beer-bellied, ear-ringed ex-miner whose tattooed biceps and forearms danced with naked ladies. Each one a strong personality in his own right, all have been shaped by life in the bush. In the end, though, John Brack proved a fine example of Outback Man.

With his cowboy boots, denim jacket, dangling cigarette and cockatoo-feathered hat, Brack might have walked out of a Marlboro ad. He has spent most of his life working on horseback. But he is too genuine a product of his environment to fit the slick and disingenuous advert image.

His smile proves it. Six years ago he fell under a kicking horse at a rodeo. When he woke after three months in a coma, his jaw had been broken in eight places and there were 40 stitches and a metal plate holding it together. His grin is no less broad today, but the front teeth remaining are few and far between.

No matter how kicked around by outback life, Brack, like most locals, professes a profound dislike for the city. He cannot stand its ways and what he sees as its hypocrisy. He hates yuppies, he says, and cannot understand foreigners. There is not enough room in the city to feel free, he will tell you; and John Brack needs plenty of room.

He talks and acts bluntly. He will give you his last cent if you need it, but if you transgress his code of rough justice you are likely to wind up with a fist in your face. Today, with no family responsibilities, he moves from job to job, drinks and smokes heroically, and refuses to respect any kind of authority. Brack may not be a typical outbacker, but this is a place where outsiders, rebels, misfits, black sheep and eccentrics have always thrived.

Heat, boredom, isolation, aboriginal/white racial grievances, a shortage of women, an extremely high level of alcoholic consumption – all contribute to a frontier mentality that has all but vanished on Australia's periphery.

One figure tells it all: in the Northern Territory, the vast and sparsely inhabited state stretching from Alice Springs north to tropical Darwin, the murder rate is 14 times higher than the national average. The wild west lives on in the Australian centre.

But life in the outback is not all drifting, drinking brawling and bravado. Most of it is sheer work, the forcing of a living from an ungiving environment. Having ridden miles through the morning with John Brack, I found myself on the edge of the Love's Creek cattle station and talking to its hard-working general manager, Aboriginal Henry Blomfield.

At 1.5m acres, Love's Creek is only a moderately-sized station (Anna Creek station, to the south, is 12m acres). Nonetheless, just keeping an eye on the 6,000 head of cattle that graze the range here is a full-time job. When I met him, Blomfield was especially busy: he was halfway through the annual muster, the round-up of the 1,300 cattle he must sell each year to keep the station profitable.

Blomfield remembers days as a child on Love's Creek when cattle were mustered solely by stockmen on horseback. Today his men still use horses in the rough terrain, but also four-wheel-drive trucks, off-road motor-bikes, and a helicopter. The hours, none the less, remain long and the work tiring.

Would he or his men care for an easier job in the city? I asked Blomfield over a lunch-time meal of Love's Creek beef brisket and tea stewed in a billy tin over a fire. Never, he replied. As far as he is concerned the outback life is the only life. Certainly it is not the money that attracts the stockmen, both white and Aboriginal, to the cattle stations: they generally earn as much in a week as Blomfield's helicopter pilot does in an hour.

We did not stay to watch. John Brack had some mustering of his own to do. By late afternoon we were back at the homestead and collecting half-a-dozen Ross River guests for an overnight ride and camping trip.

The weather changed as we rode out. Before sunset, the sky had turned a startlingly clear, dustless blue, and luminous sunshine was glowing on every bush and ghost gum tree and ancient ochre rock in the valley. Unconcerned, kangaroos hopped and browsed just yards from our single file of horses. By the time we arrived at our campsite, an open, grassy spot at the base of a dramatic rockface, Grub had a fire going, Froggy was cooking dinner, and the stars were out.

After dinner, around the fire, Grub described how he had once been stuck in his car in a mud wallow for three days. Froggy told us it was all right to punch a woman as long as she punched you first. John Brack admitted he had once cleared a Darwin pub by passing through it with a live chain saw and slicing off the legs of bar stools as he went. The stories continued, wild tales of bull hunters and crocodile catchers, crazed opal miners and drunken helicopter musters. Just occasionally I glanced up to the night sky to see the Southern Cross wheeling overhead.

■ *Information about holidays at Ross River can be had from Ross River Homestead, PO Box 3271, Alice Springs, Northern Territory 0871, Australia, tel: (089)-569711, fax: (089)-569823.*

The best guide to holidays Down Under is the Australian Tourist Commission's 1994 guide, available free in the UK by calling 0793-707-093 with details of visa requirements, where to go and stay, what to see and pack, and special interest tours.

Travel 1994 Brochure Guide

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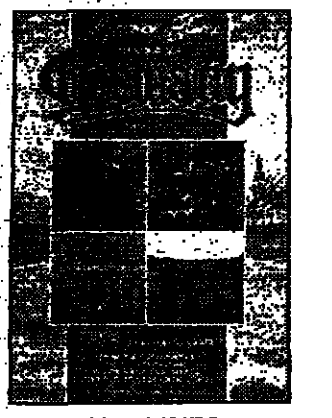

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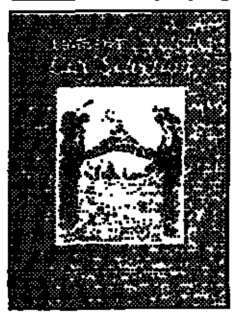

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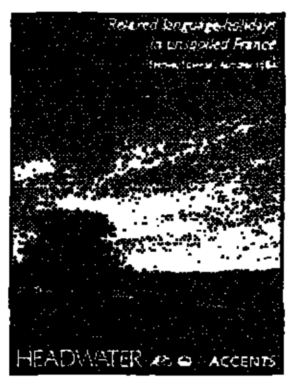

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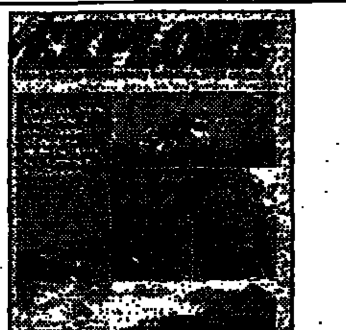

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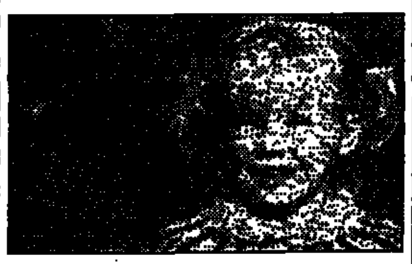

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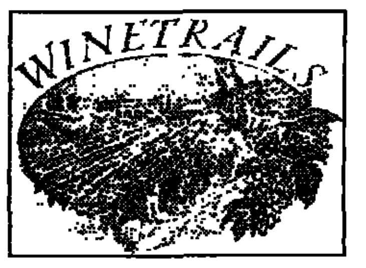

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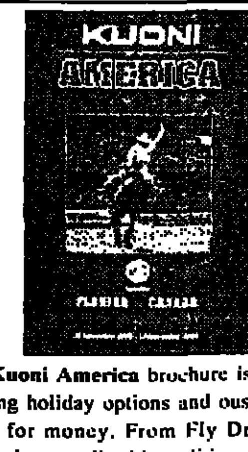

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OUTDOORS

Motoring

Take the rough with the tough

Stuart Marshall on how to take snow and floods in your stride

The first spell of severe winter weather concentrates the mind about four-wheel drives. People who already have one congratulate themselves on their foresight.

And others who find themselves stuck on a snowy hill or stalled in a foot of floodwater think that perhaps they really ought to have one next time.

I like to have an on-off road 4x4 on test at the turn of the year because if my part of Kent is going to have a hard winter, this is usually when it starts.

The market in these vehicles is still expanding and the variety on offer is bewildering. This time, I chose a Jeep Cherokee Sport to be sure of staying mobile during the Christmas and new year break.

Funnily enough, I still have not seen any snow this winter, apart from a sprinkling in November, so the Jeep's four-wheel drive traction was not needed. But its high clearance came in useful when the never-ending rain flooded many minor roads. Knowing the Jeep could wade through water much deeper than a normal car could cope with was a great confidence builder.

Outwardly, the Cherokee Sport looks the same as the Cherokee Limited but instead of a four-litre in-line six-cylinder engine and automatic transmission, it has a 2.6-litre four-cylinder and five-speed manual gearbox.

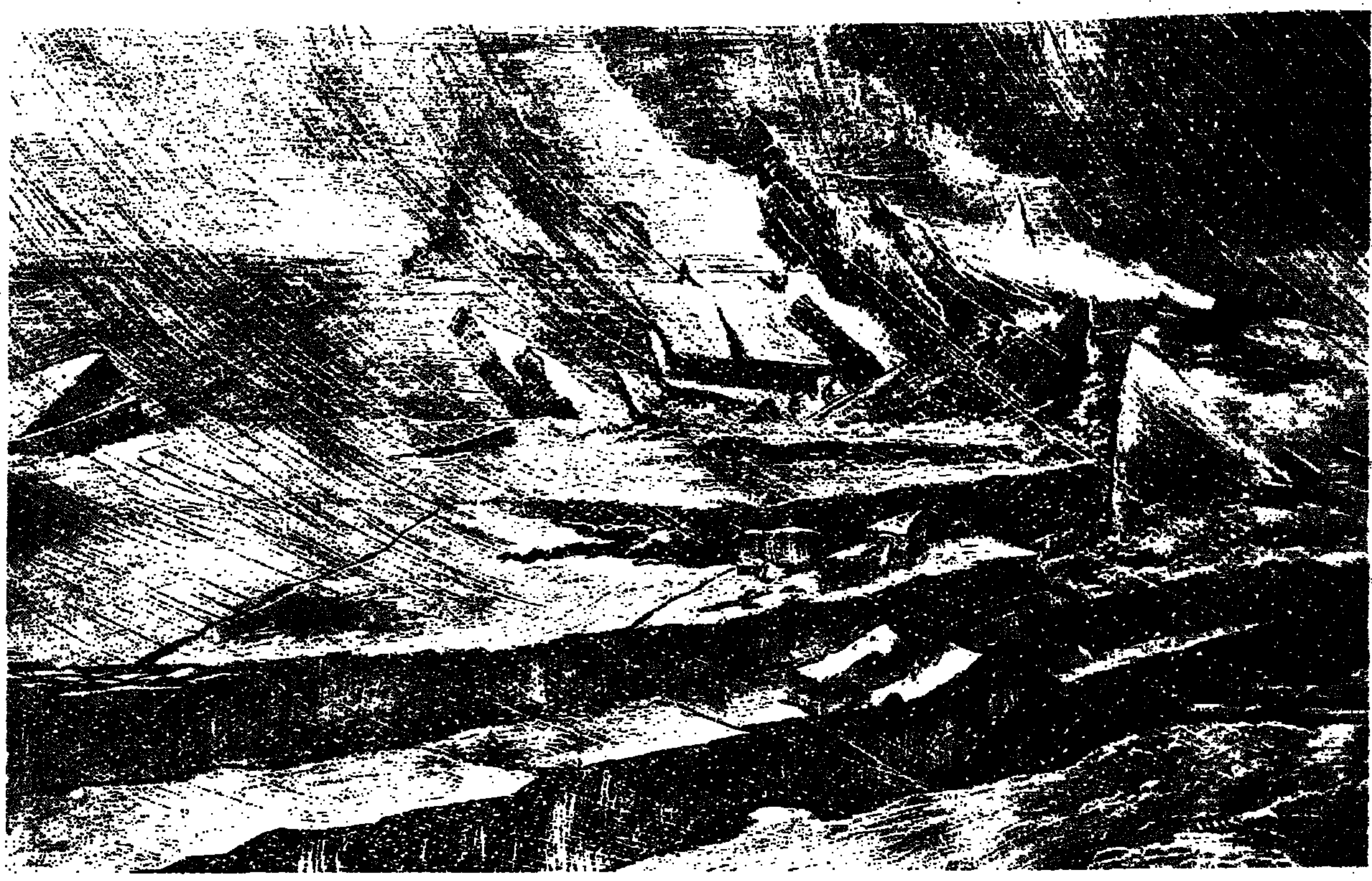
Both Cherokee Limited and Sport are four-door estates in which four adults sit comfortably on soft upholstery. A pair of labradors can travel in style behind, although the large, internally-stowed spare wheel does cut into the luggage space. Like the Cherokee Limited (from £18,995), the £15,995 Sport is exceptionally good value. Power steering, electric windows and outside mirrors, plus remotely-controlled central locking are standard.

It is one of the most car-like on-off road 4x4s to drive, with a light – if long throw – clutch pedal and a gearbox as easy to use as a family hatchback's. The transmission is selectable; only the rear wheels are driven unless extra traction is needed when four-wheel drive can be had in high or low ranges.

By on-off road vehicle standards it rides and handles well, is effortless to park and runs quietly.

Although the Sport is geared much lower than the 4-litre Cherokee Limited, one has to shift fairly frequently because exhaust system vibration discourages low speed in fourth or fifth. Fuel consumption averages about 22mpg (12.85 l/100km).

The Cherokee's styling is so restrained it is unlikely to frighten even thoroughbred horses and I felt it would sit happily among the Range Rovers and Fortnum's hampers at smart outdoor events. One could not say the same of Toyota's showy on-off roader, the 4Runner, which would look more at home pulling a flash looking powerboat than a couple of hunters.



The 4Runner, which has been sold on mainland Europe for some years, is based on a pick-up truck. So is the Vauxhall (Opel) Frontera but whereas the Frontera is cheap (from £13,445 for a 2-litre petrol-engined 2-door Sport) the 4Runner is anything but. At £22,292 for the three-litre petrol V6 (£23,211 for a three-litre, four-cylinder turbo-diesel) it is priced closer to the Mitsubishi Shogun and well above the class-leading Land Rover Discovery.

Toyota says by way of explanation that the 4Runner is aimed upmarket of Frontera. On and off road, it goes well – the diesel in particular because its low-speed pulling power allows it to be driven almost as a one-gear car. But the interior trim is unexciting and maximising load space has made the rear seats quite cramped.

Volkswagen's Caravelle Syncro looks like a van because that it what it is: a converted van with windows and up to eight seats. But forget the looks. It drives like a car, rides beautifully, is massively roomy and has permanently engaged all-wheel drive.

Though not a proper on-off road vehicle, it can tackle muddy paddocks and rutted farm roads and would be ideal family ski-holiday transport. The £22,936, 2.5-litre, 5-cylinder version I drove was a quiet and comfortable motorway cruiser. Being box shaped, it was more parkable than it looked and the high driving position was appreciated in town traffic.

I rate the Land Rover Discovery automatic diesel I am using now the best of its kind. The 2.5-litre direct injection engine has class-leading economy and fires up instantly on a sub-zero morning without the help of pre-heater glow plugs. It is growly when accelerating, quiet when it gets into top and the automatic transmission's shift quality is as good as you get in a luxury car.

The up to seven-seat Discovery is just made for a country family needing a roomy school bus-cum-shopping car during the week and something to carry a shooting party's guns and gundogs at the weekend. It could not be easier to drive and, if used sensibly, has an unusually modest thirst for a burly on-off road 4x4 with two pedal control of around 27mpg (10.46 l/100km).

Automatic transmission, which adds £1,150 to the price, would be worth every penny to many a Discovery owner who uses it as a daily on-road, mainly urban or suburban runabout. But, being a Land Rover, it still has more off-road capability than almost anyone could ask for, let alone really need.

Gardening / Robin Lane Fox

Living on memories

Schizostylis Coccinea Major: quietly loving every sodden minute of it

Impact Photos

Those of you with rivers at the bottom of the garden now have gardens at the bottom of the river. I am treating these rains as a finale, atmospheric applause for a previous year which gardeners, like investors, are unable to reproach. From January to January, we have all had a marvellous run. The winters never really froze; once again, the witch hazels are stupendous, my young yew hedge still has a brown complaint which is undiagnosed; these rains may be tiresome, but I am living on memories of a marvellous 1993.

The first half-year of English Gardens plc turned in results which no watcher could have predicted. My highlights were endless, from January to June. Winter daphnes took a new turn for me with the discovery that Daphne Bholua Jacqueline Postill will grow and flower madly for all of us, even on lime, if we give it a south or west wall.

In late spring, another new arrival, the blue Corydalis flexosa has established itself as a gardener's dream in the various forms which emerged less than 10 years ago from China: the prices are now coming down and this long-flowering plant for slight shade is within reach of all of us in 1994.

Among older favourites, magnolias and camellias were marvellous and Indigo, the darkest forget-me-not, reminded me that it is better, though smaller, than all the others. In April, the sight of the best blue Echium, the one called webbii, in Tresco Gardens reminded me that it is the best of these tall, tender forms for frost-free expatriates in the south Mediterranean.

In May, I made a note to buy the white-flowered Staphylea colchica because its showers of flower and easy disposition seem to be ignored by most keen gardeners. The spring had remained extremely dry, and suddenly we were plunged into an accelerated heaven.

In early June we had the display of a lifetime which rolled an English June and July into one and will live in the memory of anyone who had brought their garden-visiting forwards by three weeks. We had pink old-fashioned roses among the salvias of mid-July and the paeonies of early June. Careful colour-planning went marvellously by the board and all those artful combinations were overtaken by nature's decision to let it all show at once.

The half-year ended with a climax of old roses, better than ever because they flowered so profusely and were undamaged by rain while at their best. As usual, I gave the highest mark to the silver pink Fantin Latour, the essential variety for any garden, although it has usurped the name of the great flower painter and its origin remains an unsolved mystery.

As Fantin faded, the rain began and the intermittent cold brought the year back into balance. At half-time, the one cloud in the report was the condition of summer bedding-plants and sweet peas, recovering from a dry start to their year. Confounding the experts they then prospered in the third quarter.

Summer retained its own magic, despite the rushed results. I fell for Diascia Blackthorn Apricot, whose flowers have a pale colour of rare intensity. We will be seeing it all over the place in 1994 and as a low grower, it may be hardy, although this winter has not tested it. Buy it when you see it, along with seeds of the white venidiums, as easy as weed from Thompson and Morgan and agreed to be the bedding-plant of the year.

By September, nobody could say that the second half had lost the momentum of the first. The Japanese Anemones proved equal to all the oddities of the season, reminding me that we should all grow these easy plants and not be deterred by their slowness to settle down in the first year.

We had a foretaste of rain, making bulb-planting an ordeal. Against the odds, autumn colour then emerged from the gloom of October and gave us 10 days of astounding beauty. The beech trees were more brilliant than ever and I started to notice the flowers which swept my personal prizes in this year of extraordinary riches.

Why are so many of us wary or unaware of the Schizostylis, the Kafir Lily of South Africa? Their rounded flowers come in shades of white, pale pink, strong pink and red and their startling clarity persists into November when this obliging year brought the yellow-flowered Mahonia Charity forward to meet them.

For years, books have put me off this late-flowering family by saying that a Schizostylis must have shade or slightly sheltered conditions. I have put mine in sun for the hottest part of the day but they are thriving and growing like mad because they have found a root-run under nearby paving stones and are completely satisfied with the odd soaking.

Beside a path or in gaps on a terrace, these late, bright lily-flowers seem to be wonderfully obliging. Experienced growers now tell me that they need water early in the year, from December until May and that this dampness matters more than shade or temperature.

As the rains fall, our national pursuit may be a wash-out, but I'm telling myself that my Schizostylis are quietly loving every sodden minute of it.

Fishing/Tom Fort

A view from the casting couch

In a distinctly non-vintage year for new fishing books, the best I have come across, by some distance, is *Trout Bum*, by American writer John Gierach (Robinson, £14.95).

To judge from the abysmal picture of him on the inside cover, the author is a hairy, brawny wilderness man, and he writes of icy mountain lakes a day's walk from anywhere: of crystal headwaters high in the lonely peaks; of camp fires with coyotes for company. The style is literary – a touch sub-Hemingway, you might think – but the prose is suffused with love for the sport and deep knowledge of its traditions and lore. I would guess that Gierach is a first-rate fisherman, but he has the good manners not to boast. I liked him and his book very much.

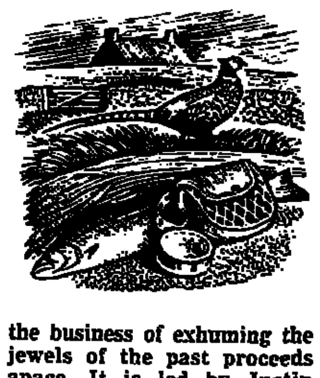
Incomparably the most interesting volume I have seen is Dr CB McCully's *A Dictionary of Fly Fishing* (Oxford University Press, £6.99). I know nothing of the doctor but surmise he must be monstrously learned. Whether your query concerns the character of oligotrophic water, the origin of the Funneldun fly, or the genesis of the great nymph versus dry fly controversy, the answer is here. All is expressed wittily and pithily and the whole thing is a delight.

A Passion For Angling, by Chris Yates, Bob James and Hugh Miles (Merlin Unwin/BBC, £16.99) is a pleasant reminder of the wonderful BBC television series which ran this autumn. I have said before, and will say again, that Yates is the best writer on fishing in the UK. The book is full of delicious touches without seeing him entirely on top form.

I greatly enjoyed Roger Pierce's unpretentious and individual *Fishing With My Father* (available at £14.95 from the Chiltern Agency, Kingston Street, Chinnor, Oxon OX9 4NL). It is a beguiling narrative, woven around his father's diaries and his own memories.

At the other end of the scale is *Casting Far And Wide* (David and Charles, £17.99), a collection of adventures in far-flung parts compiled by John Bailey. I have not actually read it, for the economy-conscious publishers sent me no more than the dust jacket. But the references on that to Balkan catfish, Danube salmon, the vast arapaima of Brazil and the mailed mahseer of India made me eager for more.

If contemporary writing is going through the doldrums,



the business of exhuming the jewels of the past proceeds apace. It is led by Justin Knowles, who is my nomination as publishing hero of the year.

His Fly Fisher's Classic Library continues to offer, in handsome reprints and at reasonable cost, classics which previously could be found only by assiduous skulkers around second-hand shops and delvers into specialist catalogues (people like me, in fact).

The discovery of the year was James O'Gorman's *The Practice Of Angling As Regards Ireland*. It was published in 1845 and, although I had heard of it, I had never read it until Knowles sent me his reprint. The title might be a touch cumbersome but the text is rollicking stuff – great stories, splendid characters, and a vigorous and humorous style. At £67, it is a snip. Like the others, it can be obtained from Dartmoor View, Mary Street, Bover Tracey, Newton Abbot, Devon TQ13 9HQ.

Negley Farson's *Going Fishing* (Fly Fisher's Classic Library, £32) is one of the deathless masterpieces. Farson was a seriously larger-than-life individual: war correspondent, womaniser, drinker, tale-teller. He was a habitual wanderer in wild and dangerous places and wherever he went – the high valleys of the Caucasus, the Gulf of Finland, the Andean foothills, the Dinaric Alps of Slovenia – he usually had a fishing rod with him. The writing style is all his own: laconic, lean, passionate and memorable.

Like Farson, Arthur Ransome was a newspaper correspondent in Russia at the time of the Bolshevik revolution. But Ransome's fishing pieces for the *Manchester Guardian* – collected under the title *Rod And Line* (Fly Fisher's Classic Library, £38) – have none of the border-hopping restlessness of the American.

Ransome's territory is domestic; his tone reflective, philosophical and inquiring. He roves where he wills over matters such as the wisdom of carp, the traditions of northern fly dressing, the piscatorial side-effects of an eclipse and the uncertain temper of bulls.

The book is one of my absolute favourites. My only regret about this edition – a substantial one – is that, unlike others, it does not include Ransome's translation of the exquisite work of Sergei Aksakov, whom Ransome called the first and most delightful of Russian writers on fishing. It is well worth hunting down a second-hand copy in the old Traveller's Library; it should cost no more than a pound or two.

PROPERTY

New lines of communication for commuters

Transport priorities are increasingly influencing our choice of home, says ***Gerald Cadogan***

Commuting is an American invention that is a century old and inseparable from season tickets. The word referred first to people who bought "commutation tickets" at a discount for a bulk buy, in true US fashion. It had nothing to do with what we mean by commuting today – regular travel to and from one's place of work in a city. But if commuting has changed its meaning as a word, it is still about trains and season tickets, and dreams of a place of one's own outside the city.

The railways transformed the south of England. Sussex, Surrey, Kent and Hampshire became dormitories for London and a gardener's paradise where the newly-discovered rhododendrons and azaleas flourished. Haywards Heath and Burgess Hill, in mid-Sussex, would not exist but for the trains.

North of the Thames, the Metropolitan Railway (now the London Underground's Metropolitan line) reached into Middlesex.

And, in this century, the Underground network spread above ground into Essex, Hertfordshire and Buckinghamshire.

Londoners have become resigned to broken signals, ageing trains and failed power supplies. Those difficulties, along with security alerts, mean that you never know how long to allow for a journey on the Underground. Sometimes it is quicker than you ever imagine but a decaying infrastructure and inadequate investment bedevil the system. It is hard to know how committed a "back-to-basics" government is to improving London's most basic need, public transportation of a standard that should match any in the world.

While London Underground continues renewing escalators and rewiring, and decides whether or not it will finish refurbishing Mornington Crescent on the Northern line (please do), major improvements on the horizon will ease congestion on existing lines and give more choice.

With luck, by the end of the century, the fast Channel Tunnel rail link to Waterloo and Kings Cross or St Pancras will make Paris and Brussels less than three hours away and Ashford in Kent 40 minutes instead of 70.

Paddington will be the terminus for an express shuttle to Heathrow (16 minutes) and for the east-west Crossrail line to Liverpool Street (via Bond Street, Tottenham Court Road and Farringdon). Work has begun on extending the Jubilee line to Westminster, Waterloo, London Bridge, Canary Wharf and on to Stratford. Other expected improvements are: higher capacity on Thameslink, British Rail's north-south through route linking Brighton, Gatwick and points to Bedford; extensions to the Docklands Light Railway; and perhaps the Chelsea-Hackney line (which would run from Wimbledon to Leytonstone).

Few commuters, whether British Rail or Underground, can make a completely detached decision on where to live, considering only the ease and cost of getting to work. For most, the other variables are quite as important: how near are they to grandparents, schools, rugby at Twickenham or opera at Glyndebourne?

The Kent BR lines are notoriously slow. A friend moving from Canterbury to Salisbury found it takes no more time to reach her place of work in central London – even though Salisbury is much further away. But, when all the decisions have been made about the Channel tunnel rail link, and the fast trains are running, life might be different. If you like Kent, hang in there.

In East and West Sussex, houses within three miles of Haywards Heath station command a 10 per cent premium, says Stephen Hardwick, of Cluttons. That is because there are frequent trains to both London Bridge for the City and Victoria for the West End. If you miss one, there is always another. And as the line suffers fewer delays than others in the area – autumn leaves are a hazard on the Uckfield line – it is easy to make power breakfasts in London or an 8am start in a City office.

That is harder to achieve if you commute in from Lewes, in East Sussex. Lewes has fewer trains which take longer. Some Lewes folk drive to Gatwick, leave their cars in the airport car park and then take the train.

If you want to live in Brighton, even though the non-stop Pullman train the Brighton Belle no longer exists, there is a bonus. The season ticket costs the same as from Haywards Heath.

Surrey is leading the climb back in the property market, just as it led the recent decline. Haslemere is reputed to sell more first class season tickets (annual cost £3,288) than any other station in the country. **South London** will benefit from extending the Docklands Light Railway to Lewisham, giving a direct link to Bank station, in the heart of the city.

For people living west of **London** the Paddington rail schemes may provide major change. For example it will be far easier to reach the City via Crossrail. For Buckinghamshire commuters the so-called Turbo trains, on the Chiltern line to Marylebone, are fast and regular, but short on leg room. The Underground's Metropolitan line is the alternative.

North of the capital Milton Keynes has three trains an hour to Euston, and for a long-distance commuter Peterborough to Kings Cross is an hour. If you plan to work in the in the City and live in the country, consider homes in East Anglia. East Anglian trains arrive at Liverpool Street, from where it is but a short walk to Bank station.

But is it healthy to spend so much time travelling? Is parking the wife and children in suburbs or country a relic of the antediluvian days when women did not work?

Before you decide to be a commuter think how much better a property you could buy in London by putting the season ticket money into mortgage payments.

■ A transmission error meant that the number of the National Energy Foundation in Milton Keynes was given incorrectly last week. The correct number is: 0908-672787.

Season ticket prices and average BR journey times

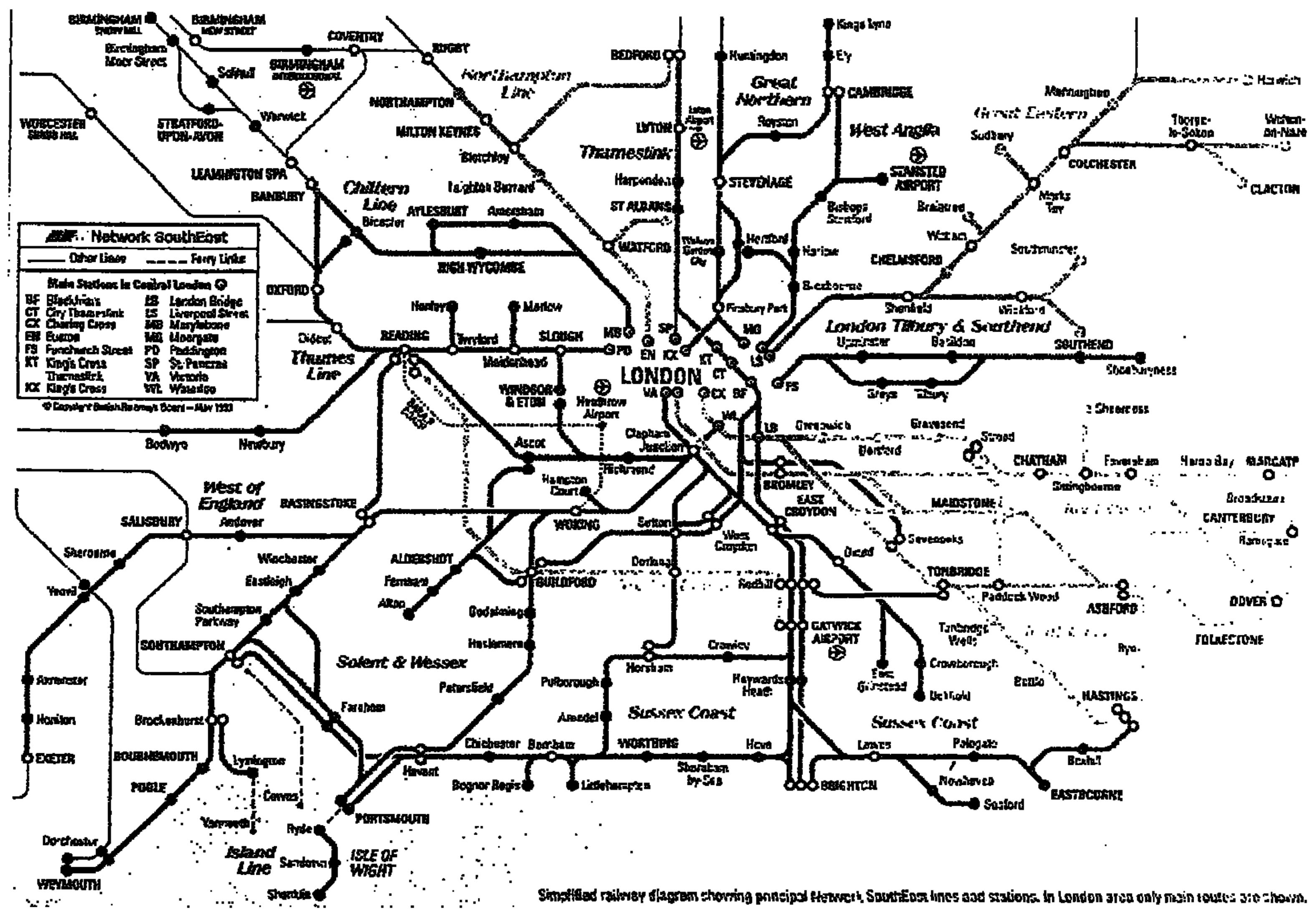
	£	Mins
Peterborough	3,896	60
Colchester	2,348	60
Canterbury East	2,288	92
Haywards Heath	2,308	45
Brighton	2,308	67
Guildford	1,988	38
Basingstoke	2,324	47
Winchester	2,652	58
Oxford	2,680	70
Aylesbury	2,184	62

Ticket prices (standard class) are based on a notional 40 weeks' travel.

NB: The average additional cost of a zone 1 (central London) season ticket on the Underground is £312.

Other season ticket prices on the London Underground and bus network depend on how many zones are travelled through, but give unlimited travel on both systems. For an annual Gold Card to zone 1:

Ealing Broadway (zone 3) £688
Harrow-on-the-Hill (zone 5) £1,080
Amersham or Ongar £1,556



New lines will alter the present shape of Britain's busiest rail commuter network, Network SouthEast

COMMUTER HOMES

Commuters into central London have a wide choice of property available to them. Here are six properties, within range of London, which are currently on offer:

■ Vaughan Road, West Harrow. An Edwardian terraced house. For those using West Harrow station. £79,950. Agent: Ellis (081-864-5377).

■ Village Road, Finchley, N3: semi-detached cottage-style house. Mill Hill East or Finchley Central stations. £159,950. Winkworth (081-349-3388).

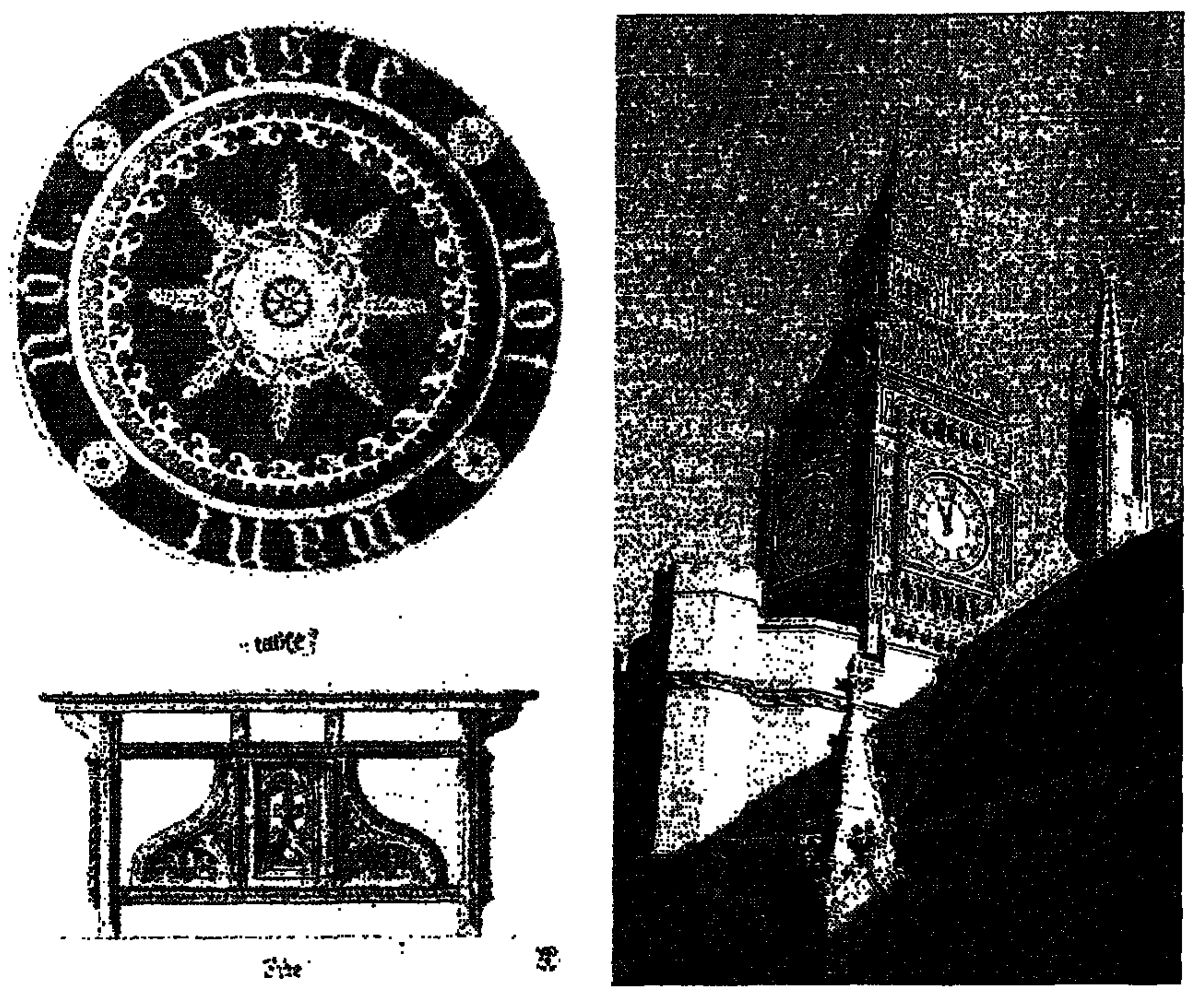
■ Peakirk House near Peterborough: listed grade II* Georgian box-house. Peterborough station. £260,000. Savills (0780-66222).

■ Pointwell Mill, Coggeshall Hamlet, Essex: with fishing. Kelvedon station. £385,000 Savills (0245-269311).

■ Fieldfares House, Thursley, Godalming, Surrey: between-the-wars traditional. Farnham or Milford stations. £395,000. Hamptons (0252-714164).

■ Ashburnham, Watford Road, Northwood: main part of a large Victorian house. Northwood station. £440,000. Christopher Rowland of Hamptons (0923-824225) or John D Wood (071-493-4106).

BOOKS



A ceramic bread plate, an engraving of an oak table and the clock tower at Westminster, all designed by A.W.N Pugin and illustrated in 'Nineteenth Century Design: from Pugin to Mackintosh' by Charlotte Gere and Michael Whiteway (Weidenfeld & Nicholson £50). The Victoria & Albert is to hold a Pugin exhibition, sponsored by Pearson, from June to September this year.

A mission – to travel

J.D.F. Jones follows in the footsteps of Dr Livingstone

Umbopa, you will recall, announces in the closing pages of *King Solomon's Mines* that he will permit no Europeans, and in particular neither traders nor missionaries, to enter the African kingdom that he has recovered with the help of Allan Quatermain and Sir Henry Curtis. Rider Haggard had understood that the missionaries of Victorian times were not exclusively concerned with the souls of their heathen flock. The most famous of them all, David Livingstone, was a good example of such extracurricular priorities; his brother-in-law, John Moffat, who gave up mission work to become an important colonial servant, was another.

The most interesting element in Timothy Holmes' new biography, *Journey To Livingstone*, is that it reveals how small a part the missionary vocation played in the Scotsman's life. Nor did doctoring appear to play a larger role. That is hardly surprising. From the time Livingstone arrived in 1841, in what is today the Western Transvaal, he was obsessed with travel and exploration and spent less and less time on his official duties for the London Missionary Society – and you can hardly be an effective medical missionary if you are tramping through the bush for years on end in search of another lake or tributary. It is generally agreed that Livingstone made only one convert in his first 12 years, and that one relapsed.

He made his name by "discovering" Lake Ngami in 1848. Then, in two stages between 1853 and 1856, he became the first white man to cross Africa, from Luanda to Mozambique, and on the way "discovered" and named the Victoria Falls. (All this talk of discovery in the "empty continent" is of course nonsense: Holmes properly makes the point that the African inhabitants had an adequate knowledge of the geography of their own regions. Livingstone's greatest asset was that he was a good linguist and therefore could access local expertise.)

With *Missionary Travels and Researches in South Africa* Livingstone was created one of the great heroes of the Victorian age. Holmes is good on the reasons why post-Crimean Britain was looking for a Christian paragon, though parallels with a Christ figure seem a bit strong. There followed ten years when Livingstone no longer seriously pretended to be a missionary but concentrated on an irregular role as a roving British consul. The Zambesi Expedition of 1858-64 was a disaster whose detail, well told here, must always cast doubt on Livingstone's qualities – his judgment of men was faulty (particularly his inclusion of his brother), his theory of the navigability of the Zambesi was perverse, his choice of river steamer was an error, and even his subsequent book was a failure – and it was left to H.M. Stanley to "rescue" Livingstone in more senses than

JOURNEY TO LIVINGSTONE
by Timothy Holmes
Canongate Press £17.99, 366 pages

one by reinventing the myth of the saintly Dr Livingstone at Ujiji after the horrors of the Nile Expedition of 1866-73. And then he was dead, and immortal, the body returned to civilisation and to Westminster Abbey by his faithful servants, as we all learn at our mother's knee.

Livingstone, as Holmes shows, was a driven man. It is never clear why. True, he went to work in a cotton mill outside Glasgow at ten and hauled himself up through the Scottish education system – but *why* this obsessive need to leave the country, to travel far beyond the frontiers of Calvinist settlement, to deny any priority to his mission or to his family (and to his alcoholic wife Mary Moffat, who is a shadowy, tragic figure in the tale)? The weakness of this book, beyond the scandalous inadequacy of its maps, is that it never begins to convince us about the man's motivation. Its strength is not so much the use of "recently revealed" letters as the depth of its background analysis.

Livingstone believed in the three "Cs", Christianity, Commerce and Civilisation: he was to add a fourth – Colonisation. In 1858 he was writing of his hopes for "an English colony in the healthy highlands of Central Africa" (Umbopa was surely right!) but he had been looking for a suitable territory for years before that – Barotseland? the Batoka plateau? the Shire valley? His ideal seems to have been for a colony directed by a small Christian elite where free labour would produce a cash crop for the benefit of the natives thanks to export access to the sea. Hence his need to open a route – east or west – to the ocean: hence the explorer. (Holmes points out that this vision has parallels with earlier Jesuit blueprints, just as he reminds us that Livingstone's support for the training of native African catechists was closer to Jesuits like Francis Xavier than to his own fellow missionaries.)

And slavery? He was realistic about the existence, and the permanence, of domestic slavery in Africa, but he came to detest the export trade, and there – symbolised by the closure of the Zanzibar market in 1873, the year of his death – lies his memorial. He understood the relationship between slavery and ivory, and came to think that the development of legitimate and profitable commerce, a two-way process in in a colonial system, would cut the ground from beneath the slave trade. Holmes puts it vividly: every ivory-keyed pianoforte in Victorian England entailed one elephant killed and two slaves to carry the tusks to the coast! The irony, well-appreciated for years, is that during the last appalling years of wandering without medicines in the bush, Livingstone's life was saved again and again by the charity of passing Zanzibari slave traders.

"The end of the geographical feat is the beginning of the missionary enterprise" was how Livingstone justified himself, though he might have put it the other round. "Dr L. is out of his mind" wrote his exasperated companion John Kirk, later to become another notable colonial servant in East Africa. A happier image of madness is "Dr L" measuring the height of the Victoria Falls: he took a canoe across the force of the current to a tiny island overhanging the lip, then leaned over the 300-foot precipice and lowered a length of rope. Some missionary!

A walk on the royal side

In this stylish, informative and sometimes very funny book, American-born journalist Edward Fox recounts his personal pilgrimage to five of the world's remoter monarchies. He went because he wished to understand what makes kings and kingdoms tick. His travels took him to Tonga, Oman, Nigeria, Swaziland and Java. In each he had fascinating and sometimes hilarious adventures, related in a dry and sharply observant prose which signals the arrival, in this first book, of a major writing talent.

Fox turned his back on European royalties because he wished to encounter monarchy afresh, in unfamiliar guises. But he repeatedly found himself "face to face with what I was fleeing: the hand of the British, recreating the empire in their own image." Were it not for the British none of these monarchies would be as they are; most would not even exist.

Tonga's King Tupou IV granted Fox an audience, and during it demonstrated a simplified method of addition for use in primary schools. The King not only invents things – a joint rugby and soccer goal post, used all over Tonga, is another example – but conducts agricultural experiments, solves archaeological problems, and is the holder of his kingdom's pole-vault record. He is the fattest man in Tonga because he eats the most, a sign of royal power. It is clear that Fox, although bemused by Tupou, enjoyed meeting him, and learned an important lesson: that delays and difficulties are occupational hazards of royalty-watching.

It was much more difficult for Fox to get at His Majesty the Sultan of Oman, an absolute monarch in the traditional oriental mould. He succeeded in attending a levée at which subjects queue to shake the Sultan's hand; but requests for an interview were denied, and when Fox tried to observe the Sultan on his annual meet-the-people tour, in a Bedouin-style cavalcade with Mercedes Benzes substituting for camels, he failed. So instead he read the history of Oman and the "mirrors for princes" written to instruct rulers, and pondered on the fact that "roads and roundabouts are the distinctive post-oil Arabian art form", explained perhaps by the fact that they represent an "ultimate triumph over the former hardships of des-

OBSCURE KINGDOMS
by Edward Fox
Hamish Hamilton £16.99, 240 pages

ert travel". Fox did not come away unimpressed; when he went to shake the Sultan's hand it was in a throne-room that looked like the inside of a gigantic Fabergé egg.

After difficulties of Oman Fox found Nigeria a joy, because it has not one but hundreds of kings and he was able to interview a number of them – the Aragbiji of Irigbiji, the Akirun of Ikirun, and even the two greatest "obas", the Alaafin of Oyo and the Ooni of Ife. In Yoruba religion Ife is the site of Creation. The exact spot, Fox reports, lies opposite a Total petrol station, marked by an enigmatic granite pillar. Each oba is a guardian of the traditional religion. For those who are now Moslem or Christian this presents difficulties. To become an oba one has to eat the dried heart of one's predecessor, served in soup. But the benefits, it seems, usually outweigh scruples; on meeting an oba one says "Kabiyesi!" which can either be translated "May you live long" or "You cannot be contradicted".

Heartened by his successes in Nigeria Fox proceeded to Swaziland, only to be disappointed again. Young King Mswati III proved unmeetable, hidden behind layers of suspicious advisers. Fox noted a mysterious empathy between the Swazis and the British: "They saw a bit of themselves in each other. Each had a culture of clenched good manners, restraint, discipline, understatement and secrecy, arranged in a strict social hierarchy with a King at the top." The Swazis have a saying: "Let the Swazi and the English deceive each other with politeness, and the Zulu and the Boer have it out with clubs."

But all frustrations were compensated in Java, where Fox had a satisfying encounter with Sultan Hamengkubuwono X of Yogyakarta, whose full name runs to two dozen words. Here Fox was able to meditate on the secret of monarchy: its place between the secular and divine, its use of the mysteries of inaccessibility, its function as a centre for artistic display, political patronage, and symbolic meanings. It is a privilege of royalty to be unavailable when it chooses; in Nigeria an oba's henchmen would turn away petitioners by saying his master was still abed. "These kings were like disappointing zoo animals," Fox remarks, "always asleep when you wanted to see them."

The author of this highly entertaining mixture of travelogue, history and royal essay appears as a wryly engaging observer. One looks forward to his next book with great relish.

A.C. Grayling

Know your genes

As Bernard Shaw said to Ellen Terry: "Yes, but what if our children had *my* looks and *your* brains?" Genetic engineering promises to help them out. It can also change the plants and animals we share the earth with.

What is genetic engineering? It sounds easy: a strip of material carrying genetic information is snipped from one organism and patched into another. The cells' enzymes tidy up. What genetic engineering offers is a cross between the specific genes of any life form with any other life form. For humans, all we have to do is sort out the 100,000 genes divided or scattered into 3 billion base pairs. Each one does something different.

Colin Tudge has written a frustrating book, *The Engineer in The Garden* which charts the history and state of genetic engineering. Equipped with a glossary of genetic terms and a few "idiot" guides, a reader would have some chance. But Tudge makes it hard going. The information is embedded, like small fossils, in the bedrock of the prose. There is no list of further reading, no page of notes, and no chronological table of genetic science.

These serious doubts aside, this can be a rewarding book. Tudge starts with Darwin on natural selection (1859) and arrives at Crick and Watson on "The molecular structure of nucleic acids: a structure for deoxyribose nucleic acid (DNA)" in 1953. Then come the molecular biologists and Michael Crichton's DNA chains on screen at *Jurassic Park*. En route, Tudge treats no question as trivial and delivers masses of information. But the result confused.

THE ENGINEER IN THE GARDEN
by Colin Tudge
Jonathan Cape £17.99, 398 pages

While we learn about bees, gannets, deer, peacocks and crocodile eggs, Tudge moves between scientific practice and its history. He covers the moral issues which surround DNA fingerprinting and genetic enhancement. He invokes the twin imperatives of *hubris* and *blasphemy* which seem to be the only concepts developed enough to counter an unchecked drive into a geneticised future. One piece of good news: since DNA in men and women behaves differently, neither gender is superfluous. Neither is sex, or at least there is now an alluring scent called "DNA" ... in a double-helix shaped bottle.

Tudge steers clear of the commercial concerns which drive the research. But gene technology with bioengineering have a future as limitless as life itself. Last month's *Regulation of the United Kingdom Biotechnology Industry and Global Competitiveness** suggested that food containing genetically engineered organisms need not be labelled for consumers; it also pointed out that "excessively precautionary" and "unscientific" regulations might be handicapping the UK biotechnology industry alongside less stringent controls in the US and Japan.

But how is the human species doing, genetically? Tudge has a good chapter on human improvability. Darwin knew rightly that each species has "descent with modification." We are bigger, taller, healthier than we used to be, but why are not we *all* Bach or Einstein or Freud? Is there a gene which causes absent-mindedness in the same sense as there is a gene which causes blue eyes or wrinkles?

The Human Genome Project predicts a map of every gene in the body inside ten years. Already inherited deafness, cystic fibrosis and sickle-cell anemia have been linked to single genes; and now the genes which cause inherited breast cancer have been traced to positions on the chromosome, give or take half a million pairs.

Tudge's book follows the genre evolved by Richard Dawkins and Stephen Jay Gould: intellectual scientific commentary. As more books like this one emerge, we should recognise that "intellectual" and "scientist" are gradually and rightly converging in the public mind. The arty side of C.P. Snow's "Two Cultures" will have to adapt to survive in a hostile world.

(*House of Lords Select Committee on Science and Technology 7th Report, Paper 80, HMSO £21.00.)

Andrew St George

Double act that conquered Dublin

Anthony Curtis welcomes this history of the Gate Theatre and its famous custodians

The Boys succeeded Lady Gregory and Yeats as the custodians of the Irish genius for theatre but neither Hilton Edwards nor Micheál MacLiammóir was Irish. The story of these partners in every sense of the word for over 50 years, and the company they kept going in spite of chronic financial crisis, was well worth telling in detail. In this book Christopher Fitz-Simon, an Irish theatre director, who was for some years artistic director of the Abbey Theatre, gives most thoroughly the history of the great rival to the Abbey, the Gate Theatre.

Dublin in the late 1920s, when the Gate began, was a very closed society. The Abbey – founded in 1904 – was still in the iron grip of the formidable Lady Gregory. Dennis Johnston, a Dublin lawyer of Ulster Protestant ancestry, sent the Abbey an expressionist play he had written about Robert Emmet. It came smartly back to him, rejected. As he opened the envelope he noticed that someone had inscribed in pencil on the back "The old lady says 'No'!". It was under that title that the play was eventually put on in 1929 at the newly formed Gate Theatre in Dublin, directed by Hilton Edwards with Micheál MacLiammóir, as the Speaker (Emmet), and it gave them their first sensational success with a new play.

The Boys were variously gifted. Both frequently appeared on stage, MacLiammóir, in major parts. London recognised his consummate acting when he appeared in *Hedda Gabler* with Peggy Ashcroft in 1954.

MacLiammóir, also wrote plays for the company and was a talented painter designing several of their productions. Edwards, while wheeling and dealing as the company's paternalistic artistic director and administrator, directed the majority of their productions himself.

The Boys were both Londoners. Bobby Edwards was brought up in East Finchley, son of an Indian civil servant. As a young man he had minor parts at the Old Vic and was one of Ronald Frankau's Cabaret Kittens. Micheál MacLiammóir, was born Alfred Willmore. Aged 12 he played the young MacDuff in Beerbohm-Tree's *Macbeth* and also appeared as a lost boy in *Peter Pan* the year Noel Coward played Slightly. The manner in which he learnt to speak Irish, gave himself a Celtic name and completely reconstructed his identity, claiming to have been born in Cork, is material for a wonderful play he never wrote. But someone should.

I once met Micheál MacLiammóir, after I had been to see the Gate's production in Dublin of *St Joan* with Siobhán MacKenna and I sampled his irresistible charm. He had played the Earl of Warwick, now he entertained both me and members of the company, with hilarious imitations of all the St Joans he had seen from a stentorian Sybil Thorndike to a tiny squeaky Ludmilla Pitoëff.

Both he and Edwards learnt their job the hard way. They met as members of the touring company run by the legendary

THE BOYS: A BIOGRAPHY OF MICHEAL MACLIAMMOIR AND HILTON EDWARDS
by Christopher Fitz-Simon
Nick Hern Books £17.99, 320 pages

Anew McMaster (later Pinter's mentor). Orson Welles crops up at the Gate as a young hopeful aged 16, and then years later as director of the film *Othello* in which Micheál MacLiammóir, played Iago (see his *Put Money in Thy Purse*). James Mason played Brutus there and there were appearances by Cyril Cusack, Jimmy O'Dea, Brian Friel (as one of their playwrights) and Eamonn Andrews.

The stormy relations between the Boys and the Earl of Longford – older brother of the present one – are traced. Longford initially subsidised the theatre entirely out of his own pocket and was on its

Micheál MacLiammóir

board of directors, but then formed his own company. The premises were shared, each company occupying the theatre building for six consecutive months – an unhappy arrangement that remained for many years.

The story has a happy ending, financially, with the Gate receiving, under Charles Haughey's premiership in 1969, a government grant. Micheál MacLiammóir, made his own fortune with the international success of his one man show about Oscar Wilde, and Hilton became first Head of Drama for Irish television. But money was never really important to either of them except as a means of furthering the work at the Gate. The only tiny mistakes I could discover in this most interesting book were: Barrie was not a bachelor and the Oxford bookshop is called Blackwell's.

Nick Hern, publisher of this book, was the editor at Methuen responsible for their series of modern play texts that included the plays of Simon Gray, John Mortimer, Michael Frayn, Edward Bond, Harold Pinter. He did not start the series - that was the achievement of the late John Cullen way back in the 1960s – but he greatly developed it. Then when Methuen was taken over in 1988, Hern broke away to start his own list. Several of the playwrights, including Pinter, also left Methuen around that time; but they migrated to Faber who in the late 1980s took over as our main publisher of play texts for the ordinary reader.

Meanwhile Hern has kept his own imprint as a specialist publisher of theatrical books and operates now from 14 Larden Road, London W3 7ST under the logo – NHB. This year he says "marks the emergence into full independence of Nick Hern Books, the imprint I founded to publish all that's best in the current theatre – and a few other things besides".

Hern has formed an alliance with the Royal National Theatre and has published Tony Kushner's *Angels in America: Millennium Approaches* and *Perestroika* (the Aids epic currently playing to packed houses at the Cottesloe). Hern and the NT have also recently published, or rather re-published, 12 volumes of Granville Barker's *Prefaces to Shakespeare* at £4.99 each. Richard Eyre says in a foreword that he regards Granville Barker "not only as the first modern English director but as the most influential". Barker's comments on Shakespeare remain relevant today.

Tales from the Raj

K. Natwar Singh on the heyday of the ICS

This brilliantly written book evokes the Raj but does not glorify it.

I would have thought that whatever had to be said about the Indian Civil Service (ICS) had been said by Philip Mason in two authoritative books, *The Founders* and *The Guardians*. Not so. The Mason books to a large extent dealt with events and achievements of the Raj seen through the lives of the civilians who ran the Raj machine. These books, it now seems, paid less attention to "intellectual history and the influence of ideas".

Clive Dewey successfully breaks new ground and attempts an intellectualised treatment of the ICS through the lives and work of two middle-level civil servants, both allotted to the great province of the Punjab. Both were Cambridge men. Their response to India was as different as chalk from cheese. Frank Brayne (1882-1952) came to the ICS believing in the "Gospel of uplift"; for Malcolm Darling (1880-1969) it was "the Cult of Friendship". Brayne was an Evangelist; Darling a Forsterian Humanist. Frank Brayne's hobbies were pig-sticking, riding and walking; Darling's were reading, writing, travelling and friendship.

These two men were almost exact contemporaries and each spent 35 years in India. Such was the spell and romance of the Raj that young men out of Oxbridge went to India with a spring in their step and quickly learnt to come to terms with discomfort, disease and an alien environment. Some attempted to appreciate and understand the complex and ancient civilisation that they encountered and a few "went native." But a majority remained what Forster called "a disagreeable lot." The memsahibs, with few exceptions were more deadly than the sahibs.

When Brayne and Darling arrived in the opening years of this century, the Raj appeared imperishable and the ICS, called the "heaven born ser-

ANGLO-INDIAN ATTITUDES: THE MIND OF THE INDIAN CIVIL SERVICE
by Clive Dewey
Hambledon Press £25, 292 pages

vice", had kept the Raj machine well-oiled since 1858. By the time the two officials reached the midway point of their careers, Gandhi had made sure that the twilight of the Raj had begun. April 1919 was a turning point – General Dyer shot dead hundreds of peaceful and unarmed Indians in the Jallian Walsh Bagh in Amritsar and the Raj never really recovered from this self-inflicted blow.

After the first world war the best and the brightest from Britain no longer opted for the ICS and the Indian component increased considerably, producing brown sahibs whom Nehru later described as the "hollow men".

The author's view is that while most ICS men were "eclectics", Brayne and Darling were "doctrinaires", preaching and promoting their pet theories. It is an interesting approach and Dewey has made out a plausible case. If I have got him right, he would rather choose Darling for a companion than Brayne. So would I.

Darling liked Indians; Brayne did not. Brayne wrote books about village India with pompous titles, while Darling quoted Tagore in his masterly studies of Indian village life. Brayne was an assertive propagandist, Darling was self-effacing. Brayne made a lot of noise about his village uplift scheme in Gurgaon near Delhi, which certainly attracted attention, but left no lasting impact. Mahatma Gandhi disapproved of Brayne's enthusiasms and said so.

The civil servants knew each other well but were not friends. Darling was sympathetic to India's freedom movement while Brayne thought Indians lazy and unreliable. An assistant commissioner is quoted as saying, "Today has been a most futile day, Mr. F.L. Brayne has arrived. He is quite widely recognised as a bore, and today he lived up to his reputation". No one ever wrote such remarks about Darling.

Darling befriended Indians and even tried to put some sense into his erstwhile ward, the erratic Maharaja of Devas, whom E.M. Forster immortalised in *The Hill of Devil* (dedicated to Malcolm Darling).

Brayne and Darling were two sides of the Raj coin and Dewey has delineated their characters with a sureness of touch in a sparkling book which suggests that it was the cult of friendship, rather than the gospel of uplift, which survived the end of the Raj.

ACROSTIC COMPETITION
The results of the Christmas Acrostic Competition will be announced next Saturday

From naive to native

***Susan Moore** admires an Americana exhibition in London*

Echoes of the Old World resound throughout the American Museum in Claverton Manor, Bath. This remarkable but little known collection of American furniture, decorative art and folk art was gathered in the mid-1950s by an American, Dallas Pratt, and an Englishman, John Judkyn.

Some 18 period rooms are recreated, from a 17th century Keeping Room constructed with beams and floorboards from a Puritan house in Massachusetts, to an opulent French-inspired mid-19th century bedroom of a Louisiana plantation house. Other galleries are devoted to native Americans, the Shakers and the so-called Pennsylvania Dutch – a corruption of *Deutsch* – to American pewter, textiles, silver and glass.

A representative selection of over 100 exhibits, from furniture to naive paintings, is currently enlivening Christie's Great Rooms in London. The glory of the show is the spectacular group of American quilts. In pride of place is the Baltimore album quilt dated 1847, each square executed by a different hand and brimming with cornucopias of fruit and flowers. The stylised hearts in the borders proclaim it a bridal quilt.

There is a quilt made by slaves, another by the industrious Sarah Taylor, one of the first women physicians in Philadelphia, and a poignant black-darted widow's quilt – the only one on show made for a single bed.

It is hard not to see Rothko and friends in the dark geometries and floating grounds of the Amish quilts and the bold Navajo blankets.

Furniture ranges from the simple *trastero* or cupboard from a Spanish colonial adobe house in New Mexico to the refined chairs by the Boston and Philadelphia cabinet-makers working from English pattern books. In the hands of the Shakers, the English ladderback farmhouse chair is transformed into something far more attenuated and elegant.

The spare, clean lines, good materials, sound craftsmanship and strictly functional aesthetic of this furniture prefigure the productions of the Old World's Arts and Crafts movement.

The exhibition, sponsored by Mobil, launches a major appeal to raise £3.5m for an endowment fund to secure the future of the museum and continues at Christie's, 8 King Street, St James's, until January 27. Claverton Manor re-opens for the summer season on March 26.

'Small Girl in a Blue Dress', attributed to Matthew Prior (1806-1873): one of the naive paintings on show at Christie's from the American Museum in Claverton Manor, near Bath, this week

Records/Max Loppert

The magic of Horowitz

Horowitz: The Complete Masterworks Recordings, 1962-73. Boxed set of 13 CDs grouped in nine volumes. Sony Classical SX13K 53 456

Throughout his long life Vladimir Horowitz was involved in making records – not continually, but in bursts separated by long intervals of silence, all of which mirrored *the ebb and flow of his extraordinary career*. His involvement began in Hamburg, in 1926, with a session devoted to creating a set of piano rolls for use on a player-piano.

In the early 1930s he was a regular visitor to the recording studios. But then came those longer breaks, reflecting the pianist's depression-dominated withdrawals from concert-giving. Between 1953 and 1965, when he made no public appearances whatsoever, the RCA Victor company continued to record him, but mostly at his New York home; these and other items from the RCA-Horowitz partnership have been regularly re-issued on CD.

There has been an equally steady CD stream of the recordings that Deutsche Grammophon made from 1985 to 1989 (the year of his death), of an artist in his 80s and miraculously restored to health and performance after the medically-drugged darkness and silence of the previous two years. In addition, a 1990 EMI References two-disc album republished a valuable number of Horowitz goodies from the 1930-51 period.

But perhaps the most enticing issue of Horowitz records is the new, large-scale one by Sony. As purchaser of the CBS label, the Japanese company owns the rights to the CBS recordings of 1962-73, in many respects the golden period of Horowitz's recording career.

This is the complete set of *Horowitz's recordings from his* 60s and 70s. Super-complete, indeed, since that handful of Scarlatti, Debussy and Skryabin items for which space was lacking on CBS's original LPs is now included. The box set is handsome. Its 13 component CDs are intelligently grouped in nine subject-volumes, each of which is graced by a scene-setting essay by Thomas Frost, Horowitz's CBS record-producer, as well as by a general Horowitz appreciation from Byron Janis, the most distinguished of his pupils.

The reasons one may claim this as the golden period of Horowitz's recording career – and for the newcomer to the marvels of his playing probably the best starting-point – have to do with both the sound-characteristics of the CBS recordings and the particular quality of Horowitz's performances. RCA Victor's discs of the 1940s and '50s, though they contain examples of his art at its most compelling (such as his 1951 version of the Rakhmaninov Third Piano Concerto, a contained, controlled pianistic whirlwind unleashed with indescribable brilliance – available on RCA GD87754), tended to be boxy, airless in sound. Too often this *over-emphasises, to a point* verging on listener's discomfort, the mailed-fist forcefulness of Horowitz's bravura playing.

The description 'not interpretations but enchantments' stills stands

Even in those live CBS recordings – such as those from the celebrated 1965 and 1966 Carnegie Hall concerts, given here in Volume 3 under the title "The Historic Return" – the recording ambience achieves, by contrast, a warmer, rounder, more "filled-out" impression of the Horowitz sound-world. And so, even though there is no dulling or *diminishing of the current of* Horowitz electricity (as on occasion there was to be in the post-1973 period), the CBS-Sony records show how much wider, more wonderfully musical was his art than that of the RCA-Victor keyboard wizard.

Listening to these 13 CDs, I was seized all over again by the conviction that the keyboard-wizard legend has only ever told part of the Horowitz story. A true part, undoubtedly: on Volume 9, devoted to "Late Russian Romantics" i.e. Skryabin, Rakhmaninov and a single, delectable Medtner "Fairy Tale", the *diablerie* he brings to such Skryabin works as the Op. 65 no 3 Study or "Vers la flamme" – com*pounded of the tightest, light*est, most ferociously accurate rhythmic and tonal focus, and the ability to layer each line of thought with unimaginable distinctness – is the stuff of that legend.

The "Grand Romantic master of them all" was Dominic Gill's phrase for Horowitz (uttered on this page) when he returned to London in 1982, after three decades of absence: it is this master whose Skryabin and Rakhmaninov excites almost to the point of frenzy even such a listener as myself, normally apt to feel pretty swiftly the onset of boredom at the transports of both composers. But it is the delicate, musically delightful Horowitz that has lingered longest in my mind – the Horowitz of the *Clementi, Scarlatti, Mozart and* Bach-Busoni readings, with their wit and subtlety of hue, their fabulous imaginative responses to the dramatic potential of texture and rhythm, their bel-canto conception of melody-singing.

The controversy that all his life accompanied the Horowitz legend – was he just a set of ten super-brilliant fingers or a "real" musician? – must, I believe, be settled once and for all by this splendidly vast conspectus of his peculiar gifts. Of course, in the work of so supremely "personal" an pianist, not everything will convince every listener equally. I take endless pleasure in the clarity of sound and shape of his best Beethoven accounts, while recognising that for many their distance from the world of High German seriousness will count as an insuperable handicap.

Occasionally, a passing quirkiness proves disconcerting. More often I find myself hearing, in the iridescent tracery of his phrasing, a musicianship that may not belong to the later 20th-century but is no less elemental for that. Of performances such as the Schumann Fantasy and *Kreisleriana* contained here, Neville Cardus's description still stands supreme – "not interpretations but enchantments". The price of this 13-CD compendium is hefty. Considered in the light of all the enchantments on offer, it is a bargain.

Gilchrist award winner

Alasdair Gilchrist Fisher died of cancer at the age of 24. As his illness overcame him, he took to landscape painting. Nothing could be more appropriate as a memorial to him than an annual award in his name to be given to a young artist *whose special commitment* was to landscape painting.

The age limit is 30 and the prize £3000. Last summer an independent jury chose six finalists from a slide submission of over 100, who were then invited to take part in a joint exhibition at which the final decision would be taken. That took place last Monday.

Daniel Preece, for all its awkwardnesses, offered the single most ambitious and impressive painting in the show, of a large Welsh mountainside. Peter Grierson's looser and more abstracted expressionism achieved a rich concentration of effect. Stacey Billups was somewhat the odd one out, her large surreal inventions more objects in landscape rather than landscape alone, but entirely sustained and convincing even so.

Alasdair Wallace was another inventive surrealist rather than an artist responding to the seen world. In his case, though, the invention was in the composition overall, the detail beautifully observed. Tom Hammick came the closest to abstraction, his largest paintings the simplest matter of horizon dividing ground and sky, but carried off with admirable conviction.

The award, finally, went to Angela Hughes, for her large landscape drawings that grow ever more simple and evocative, and for her small oil studies that were, quite simply, the most accomplished works in the show. But do go and support them all.

William Packer

At Cadogan Contemporary, 108 Draycott Avenue SW3, until Jan22.

Off the Wall/Antony Thorncroft

South Bank tunes up for the future

Think of the Royal Festival Hall and you think of orchestral concerts. If it is not the LPO playing Beethoven, Brahms and Tchaikovsky, it is the Philharmonia playing Tchaikovsky, Beethoven and Brahms.

There is little wrong with that if that is what the punters want. But there are increasing signs that the audience for classical music is getting so elderly that it is falling off its ticket buying perch. Some estimates put 70 per cent of the audience in the over-50 age bracket and as they increase in years they reduce their visits. Attendances at the South Bank have slumped from 81 per cent to 60 per cent over the last 20 years, and although the LPO and the Philharmonia have attracted larger audiences than their competitors, no one is complacent about the long term future of classical music at the Festival Hall.

Of course it will still be played there most nights, but the South Bank has hired David Sefton to seek out a younger audience and spice up the programming with a £200,000 pump-priming fund. The money can be used to offer new promoters a guarantee against loss on their events, while Sefton is secretly confident that, with good judgment, there will be a profit to divide up.

The Festival Hall cannot quite shake off its cultural heritage and is reluctant to go down the classical "pops" route, despite the success of impresarios like Raymond Gubbay. At the Barbican and the Royal Albert Hall, Gubbay packs them in for themed events like a Valentine's Day Love Classics concert at the Barbican (with every lady receiving a red rose), and Classical Spectaculars, with lasers and big bangs, at the Albert Hall.

At the South Bank, Sefton is keener to develop concerts of movie music, often in conjunction with the adjacent National Film Theatre, which is also suffering an audience fall. The Liverpool Philharmonic is lined up to play Michael Nyman's music for *The Piano and Philip Glass's new sound*track for Cocteau's *La Belle et la Bête* will also be performed. The audience will often be able to see the movie and hear the concert.

There are also plans to develop joint promotions with the Lincoln Center in New York, which faces similar problems. The Lincoln might take the South Bank's summer Meltdown festival, when an artist creates his personal programme (this year it is composer Louis Andriessen, next year Elvis Costello), while the South Bank could gain from the Lincoln's idea of a theatre whizz-kid masterminding a classical music performance (Robert Wilson directing Jessye Norman is the most likely import).

Pop, jazz and rock promoters are being courted – after all, Jimi Hendrix once picked the guitar with his teeth at the Festival Hall. A typical compromise event being considered is Sting performing his songs with an orchestra. South Bank director Nicholas Snowman is even prepared to allow this more laid back audience to bring their drinks into the performance. The aim is the trendy avant-garde, the Steve Reich, k.d. Lang, Théâtre de Complicité fan clubs, rather than Shirley Bassey's, although that Welsh diva will be belting out for a week in October.

Pop, jazz and rock promoters are being courted – after all, Jimi Hendrix once picked the guitar with his teeth at the Festival Hall

There are problems in broadening the repertoire, mainly the priority given to the resident orchestra, the LPO, and the first reserve, the Philharmonia, on bookings years in advance and rehearsal facilities. Sefton is negotiating a more flexible arrangement with the orchestras.

In the autumn the South Bank will launch a new corporate identity and embark on a substantial marketing programme to tell the world about its wider appeal. But it must know that the fall in demand for its classical music is a symptom of a much wider problem – the feeling that a trip to the South Bank is a journey into the past, that the *buildings are a decaying* remnant of a brutalist architectural age, now inhabited by relics of the underclass.

Money is being spent internally, on improving the acoustics, back stage areas, the lifts, lavatories, etc. but in the long term the South Bank needs to make a convincing case to the government for Lottery money to knock down its more oppressive features – the Hayward Gallery, the walkways – and seize the chance offered by the smart new Channel terminus at nearby Waterloo, the refurbishment of County Hall as a hotel, and the potential development of the riverside car park site as the home of the Tate Gallery of Modern Art, to make the South Bank the popular arts centre which it never quite became.

★

It can hardly be a coincidence that on the day that Lord Gowrie was confirmed as the next chairman of the Arts Council, the Department of National Heritage backed off in its efforts to ruin the Serpentine Gallery in Hyde Park by raising its rent to unreasonable levels.

Gowrie was chairman of the Serpentine, one of London's main showcases for contemporary art. (He has naturally had to resign on taking over the Council). He was appalled at the idea floated by Iain Sproat, number two at the DNH, and a firm opponent of such art, that if the Gallery could not pay its way the site might be better used as an equestrian centre.

Once again Sproat showed his uncanny ability to ruffle feathers when he strays from his sports brief into the arts. Sproat's boss, Peter Brooke, quickly stamped on the proposal and Gowrie was saved the embarrassment of resigning as chairman of the Council before he was appointed.

★

All those arts companies losing the services of the retiring Princess of Wales as patron can only look on in envy as the RSC (president the Prince of Wales) picks up a £3.3m sponsorship from Allied-Lyons. The company's chairman Michael Jackaman was among the businessmen attending a Buckingham Palace gala in the autumn hosted by the Prince at which the RSC showed off its paces in the grandest of surroundings.

Although Allied-Lyons selected the RSC after a *protracted marketing audit*, the evening at the Palace must have helped to cement the relationship. As must the appearance of the twin children of Tony Hales, Allied-Lyons chief executive, in walk-on roles in a recent RSC production of *A Winter's Tale* at Hales's home town of Stratford-on-Avon.

Recital/Richard Fairman

All-German Schubert

It is surprising that the vast Schubert song edition that Graham Johnson is undertaking on record has not spawned more live performances. If time and money were available, it would be an added attraction to follow each of the singers presenting their programmes at the Wigmore Hall.

So far the list of those taking part has embraced British and international singers, but that could be about to change. Apparently, the volumes featuring English-speaking singers have not been achieving good sales. Faced with consumer pressure, Johnson may be asked to increase the ratio of native German speakers. As the leading German recitalists (Fassbaender and Schreier) have already taken part, that means looking further afield.

Hence the programme at the Wigmore Hall on Thursday. Under the title of "International Songmakers" came an all-Schubert recital with two young German singers – the soprano Juliane Banse and the baritone Roman Trekel. It was wise to pair them, as they display complementary virtues. Banse has a bright personality, but the voice loses its focus when she sings quietly, sounding breathy and impure; Trekel commands a fine lyric baritone, but is phlegmatic.

Records featuring English speaking singers are less popular

The first half was pure Graham Johnson territory, a collection of rarely-heard songs to the texts of Friedrich von Schlegel. The philosopher poet looked for God in nature and his work is immersed in the typical imagery of early 19th-century romanticism, invoking moon and stars, flowers and bushes, birds and butterflies.

Banse brought some spirit to "Die Berge", Trekel a quiet eloquence to "Der Schiffer", but it was Johnson's piano accompaniments, played with the lid up and plenty of colour, that had most to say about the music.

The second half featured Schubert favourites, more of them than the didactic Johnson ever usually allows in one evening. (Was he worried that the hall might not be full?) Here both singers struggled to leave an imprint on paths so often traversed by the great Schubertians, most nearly succeeding with Banse's tender "Schlaflied" and a lively "Der Musensohn" from Trekel. During the dullest "Erlkonig" that I have heard there was time to admire Johnson's slaying of the killer triplets in the piano part. Ten years of Schubert show no sign of sapping his enthusiasm.

ARTS

New look at an auld aquaintance

*As Burns Night approaches, **Michael Glover** considers the legacy of Scotland's greatest poet*

As we raise our glasses once again on January 25 to the memory of the poet and iconoclast Rabbie Burns, the questions arise: who was he? why do we *do* it? and, perhaps most pertinent of all, is he still worth reading?

Burns the man and Burns the myth were inextricably linked from the beginning – largely thanks to the cunning and enterprise of Burns himself. He was born in 1759, the son of a poor Ayrshire tenant farmer who nevertheless employed a pedantic itinerant schoolmaster to teach young Rab the best in English literature and grammar. From his illiterate mother, Burns imbibed an even more precious heritage – that of Scottish songs and ballads.

He was published early, and was quickly lionised in Edinburgh as a young prodigy – but not a *learned* prodigy. According to the earliest critics, he breathed the sublime air of the "Heavenly ploughman" and was an example of untutored genius.

He went along with all this but was, in fact, extremely well read. He was a great enthusiast for the empiricism of John Locke, he read fellow Scot Adam Smith's *The Wealth of Nations* with approval; and he gave considerable support to the French revolution before that great movement turned into an unseemly parody of its own ideals.

Burns later recanted, denying that he had ever called himself a republican. But one aspect of his view of politics remained unchanged: that it was a game played by the rich at the expense of the poor. The belief that the long-suffering common man remains the repository of honest values is evident everywhere in his poetry.

Was he really the drunken fornicator that his early Calvinistically-inclined biographers castigated him for being? As always with Burns, the answer is both yes and no. Yes, he drank heavily. But perpetual drunkards do not produce poetry of the quality that Burns produced. His appetite for other women was regarded with tolerance by his wife Jean Armour, who once said "Our Robbie should have had twa wives".

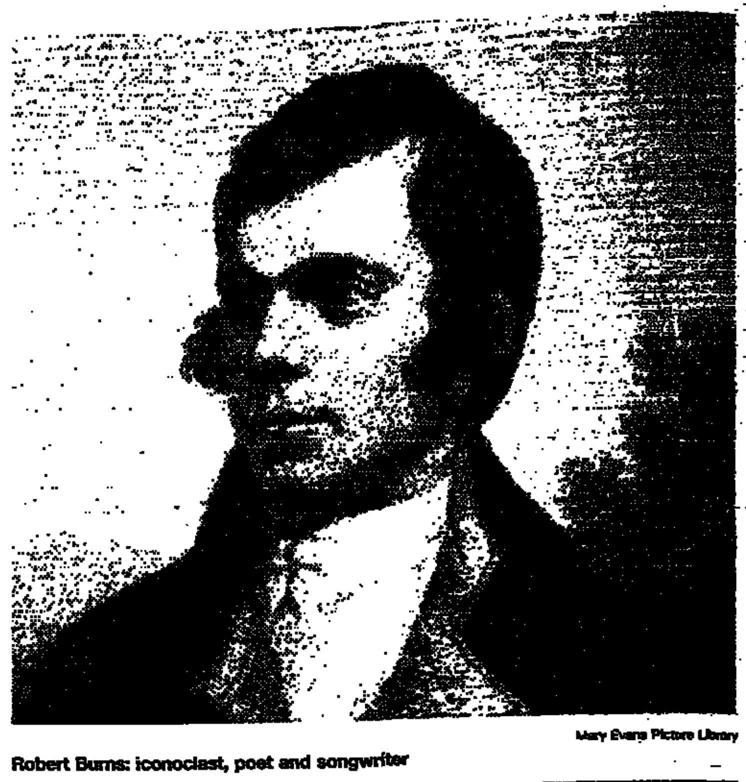
He wrote some poetry in English, the language of his tutor, but it was nothing beside the extraordinary vitality of his work in Scots, from the best of the songs to the great satires on the Kirk, whose pricks he was forever kicking against.

He lived out the identity crisis that Scotland was suffering so acutely in the late 18th century, as the gradual process of anglicisation denied the Scots tongue its rightful place as one of Scotland's native literary languages, along with Gaelic. By the end of the 18th century, fashionable literature had to be written in English and Burns's "dialect" poems were regarded as whimsical affairs at best.

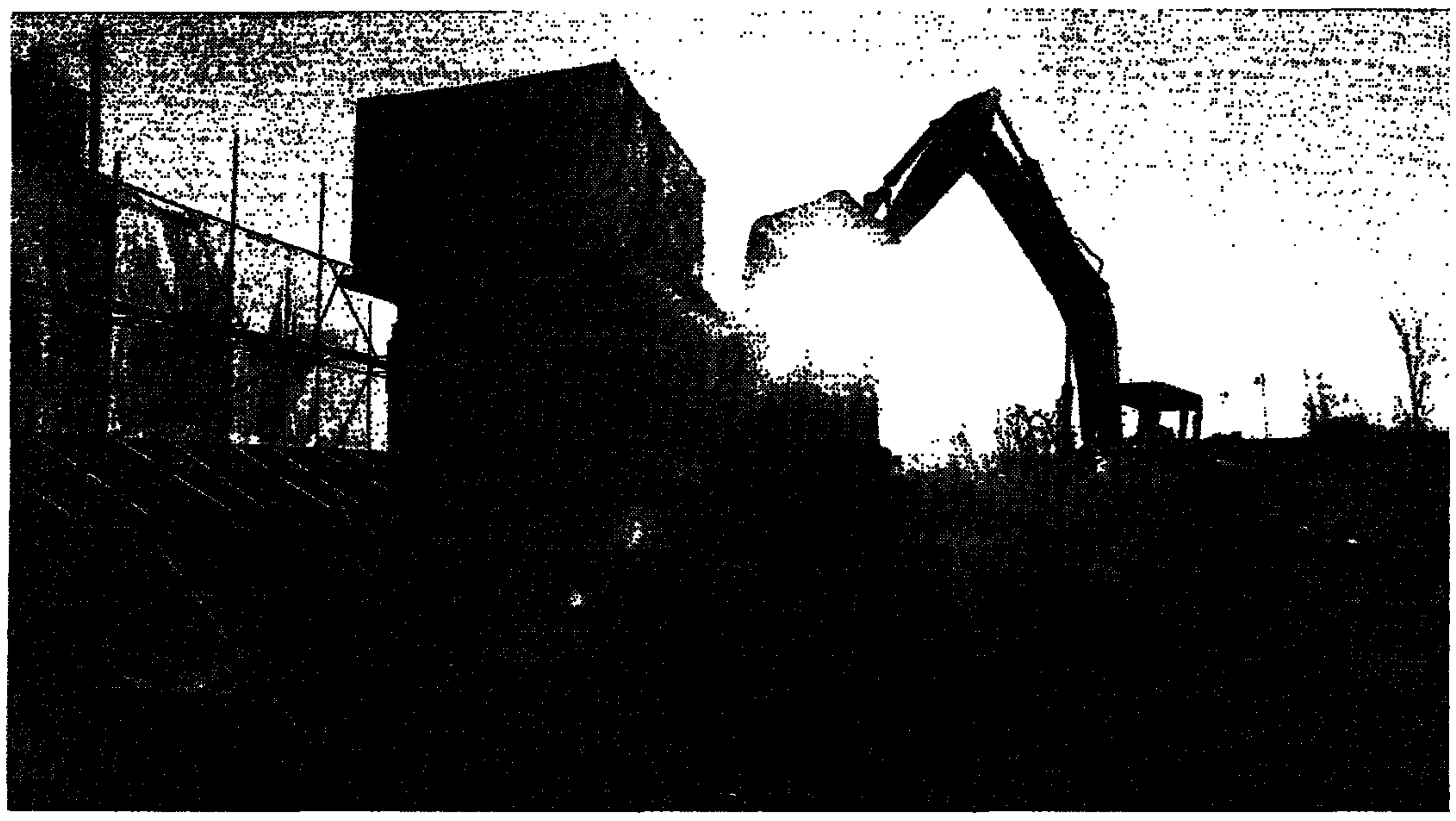
In his heart, Burns was in fierce revolt against all this; but he knew the power of the patron and made the necessary compromises. The worst, perhaps, was his decision – as symbolic an act of treachery as can be imagined – to seek office as an Exciseman, that enemy of every self-respecting Scots drinker.

The great satires aside, are his songs – of which he thought very little and for which he refused payment – his most enduring legacy? Anyone who listens to Jean Redpath's definitive versions of them -all available on cassette (Greentrax, £7), and gradually becoming available on CD (Greentrax, £11) - might well think so.

The best and most approachable new anthology is *Rhymer Rab*, edited by Alan Bold (Black Swan, £6.99), which offers a chronological survey of Burns in poetry, letters and miscellaneous prose. A good, though academically more severe, edition of the *Selected Poems* (Penguin Classics, £6.99) has just been edited by Carol McGuirk; Catherine Carswell's excellent *Life of Robert Burns* (Canongate, £5.95), first published in the 1930s to a storm of indignation, destroyed many of the myths fondly held by misty-eyed Burnsians. *Burns Now*, edited by Kenneth Simpson, (Canongate, £12.50), is a new collection of essays that reassesses Burns as poet, thinker and songwriter.



Robert Burns: iconoclast, poet and songwriter
Mary Evans Picture Library



The destruction of Rachel Whiteread's 'House', which won the Turner Prize last year. This monument electrified the contemporary arts debate and divided the critics

The end of the house that Rachel built

The best works of art are dynamic things, which can unleash effects undreamt of by their creators. Rachel Whiteread's "House" was such a work and its destruction on Tuesday was sad to witness.

The appearance of "House" at the end of last year electrified the debate about contemporary art, bringing it into the public domain in the most direct way by erecting a large scale monument on a London street. For the artist, the piece was simply the logical next step in the development of her work, making casts of domestic objects and spaces.

But casting a house, as much as building it, requires the permission of the relevant authorities, subjecting the normally independent creation of a work of art to certain outside controls. The lease granted on the site was temporary, the destruction of the work accepted as part of the conditions for its creation.

Once revealed, however, the concrete cast of the living spaces of a former private residence in Bow took on a life of its own. An estimated 100,000 people visited it, and a petition signed by 3,500 called for it to be made permanent. It was not, and a remarkable and important work has been lost.

The speeches made at the Turner Prize dinner (Rachel Whiteread of course won the award) referred to dunces and the embattled position of contemporary art, but they did not win over the authorities of Bow, nor open hearts and minds to the ready acceptance of contemporary art.

Britain has produced wonderful artists and produces them still: Rachel Whiteread is one of them. But although the Turner Prize is rightly intended as an honour, the critical wrangling surrounding it reveals the unease with which we contemplate the art of our time. A cheque, however substantial, is not the same as a welcome in the heart, a secure place in the national bosom. Bow preferred an empty space to a unique monument to the experience of actually living there.

The one winner of the Turner Prize has literally thousands of anonymous and struggling peers. Rachel Whiteread recognised this by handing over her second award, £40,000 from the K Foundation for the artist judged, by popular vote, worst of the Turner Prize candidates, to be distributed to ten other artists, selected from an open submission.

This dignified solution to the acceptance of an "award" intended only to humiliate was an object lesson in awareness and generosity, a lesson which those who mock our visual arts would do well to contemplate.

Lynn MacRitchie

Revival of the well-turned song

*Cabaret is making a comeback, says **Antony Thorncroft***

Bobby Short is as big a feature of Manhattan as the Empire State and the yellow cabs. Most nights for the past four decades he has sat beaming at the piano in the Carlyle Hotel, bringing into a more austere age some of the glamour and style of pre-war society.

When the Duke of Windsor wanted to give the Duchess a good time he took her to the Carlyle where he made Bobby Short's life complicated by asking for the song about "blackbirds: no, not Bye-bye Blackbird, the other one." Short, whose knowledge of 20th century music is encyclopaedic, immediately played an obscure number from the 1920s, "Just a bluebird looking for a blackbird to love."

He performed it again this week, but not at the Carlyle. He is playing one of his very rare away fixtures, at the Green Room in the Café Royal, until January 22. The Café Royal is a strange place these days. The ground floor restaurant still retains enough decadent plush to make Oscar and Bosie feel at home, but up the gilded staircase management-man takes over, with featureless rooms given over to corporate gatherings.

The setting for Short is more Crossroads Motel than Caesar's Palace, but he can provide the class. He bounces on, looking like a wide eyed cherub, to join his drummer and excellent bass player, and it is straight into a Cole Porter medley. Now knocking 70, the voice is starting to show signs of wear and tear but Short plays the piano with a style probably almost extinct. It carries on a duet with his wonderful phrasing, and as the classics flow, "I Can't Get Started"; "Tea for Two"; "Miss Otis Regrets" you realise that you are catching an art form near the end of its natural life.

The world of sophisticated cabaret, with witty lyrics and insidious tunes, has become as extinct as the music hall or castrato arias. It will still be performed, but by imitators and impersonators. Short knew the period. He talks familiarly about speakeasies and slipping away from Prohibition America to Cuba for a drink. As he stands and reminisces about Bessie and Ira, a slight, eloquent figure, without race or class, he is as spellbinding as when he plays their music.

"I am now going to play a medley which is sophisticated, swish, and so terribly expensive that alone it is worth the price of your ticket" he says – and then plays "Do I Love You"; "Just One of Those Things"; and more brittle memories of a dead past. It is Noel Coward with commitment; an immersion, with sad touches, into a lost art form. Bobby Short should be seen as the last of the breed, but as he ends, naturally, with "A Nightingale Sang in Berkeley Square", he also touches the nostalgia for a lost innocence which is as much a vision as a dream.

And at the commercial level it could be a vision, for cabaret seems to be making a come back in London. Perhaps it is *fin de siècle* decadence, which inspired the Parisian cabaret of the 1890s, or the need to smile through hard times, which made night life in Berlin in the 1920s so creative, but London is not such a cabaret-free zone these days.

Of course the national temperament is too diffident to embrace cabaret in all its tackiness, and there is a woeful shortage of venues, but anyone seeking drollery past midnight is better served than in the past. Even early bedders can join in the fun with nice Kit and the Widow currently being awfully bitchy about our national institutions at the Vaudeville in the Strand.

As well as the Green Room at the Café Royal, which has Clark Peters, creator of *Five Men Named Moe*, following on from Bobby Short, there is Pizza on the Park, where cabaret artists like Issy van Randwyck fill in between jazzers; the Chesterfield Hotel, which has introduced dinner jazz evenings; and Drones, which puts on monthly cabaret. The spate of musicals over the last decade has thrown up scores of singers who want to go solo when their West End contracts expire.

There are also new song writers, like Kit Hesketh-Harvey, Peter Reeves, and what seems to be a collection of song writing vicars. Their work is sometimes witty, sometimes painful, all contemporary. Cabaret can build again on this revival of the well-turned song, in which the lyrics drive the melody as they did for Cole Porter and the Gershwins. All that is needed is more venues.

Paradox in performance

Why is it that theatre directors who can be so strong on detail make such sweeping statements about politics and society when it comes to writing a book or making a speech? One thinks of Richard Eyre, the director of Royal National Theatre, who wrote in *Utopia and Other Places* about his fears that Britain might become a fascist state. Then came Sir Peter Hall, constantly demanding ever increasing government subsidies for the arts, in his autobiography, *Making an Exhibition of Myself*.

A similar question arises in Peter Brook's extended essay, *There Are No Secrets: Thoughts on Acting and Theatre* (Methuen, £12.99, 120 pages). How is it that a man who seems so liberal, so civilised, so much a seeker after truth, can emerge as utterly intolerant of others?

Brook makes the point himself inadvertently in a story he tells about his early days as a director. He allowed a student to attend rehearsals of a Shakespeare play. All went quietly until he found the student in the local pub explaining to the actors how they should play their scenes. Almost never again were outsiders admitted.

Yet the interesting questions about that story are how did the student hold the actors' attention, what did he have to say them, and why did Brook not have a talk with him? Such questions did not occur to the director. Instead he reacted with a ban of the kind which, if practised by governments, presumably he would disapprove.

There are other examples. Brook writes that he is sometimes asked about the relation between *The Tempest* that he did at Stratford 30 years ago and his more recent production at the Bouffes du Nord. "This question is absolutely ridiculous!" he comments. Yet 50 pages later he is discussing the question himself, and is very revealing on the subject.

One also wonders what Harley Granville Barker, or even George Bernard Shaw, would have made of his remark that "the theatre is in no way a discussion between cultivated people". Brook thinks that it all a matter of "enlightenment" which "can't be taught, though it must always be encouraged when it appears".

There is a paradox here. Brook writes very well about the search for communication between audience and actors. Indeed he is one of the few directors to stress the importance of the audience. "In the millisecond long instant when actor and audience interrelate, as in a physical embrace," Brook says, "it is the density, the thickness, the multi-layeredness, the richness – in other words, the quality of the moment that counts." But the moment of truth can sometimes last an entire scene: see, for instance, Terence Rattigan's *The Deep Blue Sea*.

Of course, the audience is crucial. But it is perverse for a director to turn so sharply against the cultivated classes: they can sometimes be useful. The production of Harold Pinter's *Moonlight* before an educated West End audience is actually much better than the original at the Almeida.

Still, Brook is effective in explaining the way he works, and for that his book is worth reading.

Malcolm Rutherford

Chess No 1004: 1 Bb6 cxb6+ 2 Bf7 Kxh7 3 Qh1 mate.

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Walking the Dog. 7.50 Peter Pan and the Pirates. 8.15 Chuckievision. 8.35 The Raccoons. 9.00 Live and Kicking.

12.12 **Weather.**
12.15 **Grandstand.** Introduced by Steve Rider. Including at 12.20 Football Focus: The latest FA Premiership news. 12.45 Racing from Ascot: The 12.50 Green Highlander Novices' Hurdle. 1.00 News. 1.05 Rugby Union: Preview of this afternoon's international. 1.20 Racing: The 1.25 Mar Lodge Handicap Chase. 1.35 Rugby Union. 1.55 Racing: The 2.00 Victor Chandler Handicap Chase. 2.10 Rugby Union: Wales v Scotland. Full live coverage from the National Stadium, Cardiff on the opening day of the Five Nations Championship. 4.40 Final Score. Times may vary.
5.15 **News.**
5.25 **Regional News and Sport.**
5.30 **The New Adventures of Superman.** Lex Luthor triggers a series of catastrophes to prove even Superman has his limitations, while Lois Lane tries to discover more about the caped hero.
6.15 **Noel's House Party.** Chaos from Crinkley Bottom, including a guest appearance by Joe Longthorne, Ray Wilkins trying to Grab a Grand, and Emma Forbes becoming the unwilling victim of a Gotcha Oscar.
7.15 **Birds of a Feather.** Chris asks Sharon for help when his gambling debts prove too much.
8.30 **Casualty.** The team is called upon to tackle the deadly after-effects of a toxic waste spillage in a built-up area, and a soldier's anger boils over into violence when he returns home from Northern Ireland to find his wife isn't waiting to welcome him with open arms.
9.20 **That's Life!** Consumer investigations and features, including the launch of a scheme to make Britain a better place for parents of young children and an undercover exploration of con men's tactics. Actress June Whitfield joins the team to begin a regular slot in which celebrities introduce viewers' comedy cuttings and comment.
10.00 **News and Sport; Weather.**
10.20 **Match of the Day.**
11.20 **Film: Burnout.** Police thriller, starring Lindsay Wagner as a world-weary vice squad officer who finally cracks under the strain of her career and turns to drugs (TVM 1988).
12.55 **Weather.**
1.00 **Close.**

BBC2

8.00 Open University. 9.55 Hanseatic Age. 10.25 Dhoop Kinarey.(English subtitles). 11.05 Bollywood or Bust! 11.35 Chanakya.(English subtitles).

12.15 **Film: Twilight for the Gods.** Rock Hudson plays the skipper of a sailing ship on her last voyage from Mexico to Tahiti. Adventure, co-starring Cyd Charisse (1958).
2.10 **Horizon.** An investigation into the increase of anti-personnel weapons in recent years.
3.00 **Film: Sweet Charity.** A naive young dancer's trusting nature leads to a succession of disappointments at the altar. Musical, Starring Shirley Maclaine and Ricardo Montalban (1969).
5.25 **Late Again.** Highlights from last week's editions of The Late Show.
6.10 **Scrutiny.** Review of the work of the parliamentary committees.
6.40 **News and Sport; Weather.**
6.55 **The Moral Maze.** Michael Buerk, Janet Daley, Edward Pearce, Dr David Starkey and Rabbi Hugo Gryn investigate the ethics of in-vitro fertilisation.
7.35 **Unplugged.** An acoustic set by kd lang, the Grammy-winning Canadian singer.
8.20 **Life on the Ethnic Faultline.** Jewish film-maker Ilan Ziv's documentary about a group of political leaders from eastern and central Europe discussing the region's racial tension during a train journey from Poland to Romania. Along the way they struggle to reach an agreement on how to end the conflicts over minority rights and borders which threaten to engulf the area, and meet some of the people whose lives have been blighted by bloodshed.
10.00 **Between the Lines.** Another chance to see the first series of the acclaimed police drama. Det Supt Tony Clark comes under suspicion when CIB investigates corruption at Mulberry Street police station, and his loyalties are tested when he is forced to supply incriminating evidence about friends and colleagues to save his own career – but will his version of events be believed? Starring Neil Pearson, Tom Georgeson and Siobhan Redmond.
10.50 **Film: The Double Life of Veronique.** Fantasy melodrama, starring Irene Jacob in the dual role of identical singers, one Polish and one French. It makes no sense at all but is wonderfully enjoyable nonetheless. (English subtitles).
12.20 **Later with Jools Holland.**
1.20 **Close.**

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show. 12.30 pm Movies, Games and Videos.

1.00 **ITN News; Weather.**
1.05 **London Today; Weather.**
1.10 **NBA Basketball.** The game of the week, and highlights from the rest of the league.
2.10 **Life Goes On.** Corky stands for presidency of the freshman class.
3.05 **Film: Carry On Screaming.** Harry H. Corbett plays a detective investigating grisly goings-on in this horror spoof, also starring Kenneth Williams, Fenella Fielding and Jim Dale (1966).
4.40 **ITN News and Results; Weather.**
4.55 **London Tonight and Sport; Weather.**
5.15 **Cartoon Time.**
5.30 **Catchphrase.** Contestants compete for the big-money prizes by saying what they see.
6.00 **Blind Date.** Hopeful singles try to find the partner of their dreams. Hosted by Cilla Black.
7.00 **Barrymore.** Star-struck members of the public demonstrate their talents, including an 80-year-old woman from Bridlington who sings some wartime favourites. With Michael Barrymore.
8.00 **Murder, She Wrote.** Amateur sleuth Jessica Fletcher uncovers a bizarre suicide plot when she leaps to the defence of a university professor accused of murdering an old enemy. Starring Angela Lansbury, John Karlen, George Hearn and Cliff Gorman.
8.55 **ITN News; Weather.**
9.20 **Film: Pacific Heights.** Premiere. Melanie Griffith and Matthew Modine star as a young couple who buy their dream house and rent out one of the apartments to a charming bachelor (Michael Keaton). But the lodger soon reveals a sinister side and makes their life together a living hell by taking over the entire property. Thriller, also starring Laurie Metcalf, Dorian Harewood and Tippi Hedren (1990).
11.10 **Film: Donor.** A woman doctor uncovers grisly human experiments at a big city hospital. Chiller, starring Melissa Gilbert-Brinkman and Jack Scalia (TVM 1990).
12.50 **The Big E.**
1.45 **Get Stuffed; ITN News Headlines.**
1.50 **New Music.**
2.50 **Travel Trails.**
3.25 **Get Stuffed; ITN News Headlines.**
3.30 **European Nine-Ball Pool Masters.**
4.40 **BPM.; Night Shift.**
5.40 **ITN Morning News.**

CHANNEL4

5.00 4-Tel on View. 6.30 Early Morning. 10.00 Tony Jacklin's Pro-Celebrity Golf Challenge. 11.00 Gazzetta Football Italia. 12.00 Sporting Years to Remember. 12.30 pm Sale TV.

1.00 **Racing from Warwick.** Including The 1.40 Taxinews Novices' Chase; 2.10 Westminster Motor Taxi Handicap Hurdle; 2.40 Warwick National Chase Handicap; and the 3.10 Tote Handicap Chase for the Edward Courage Cup.
3.30 **Film: The Perfect Woman.** Comedy about a crazy scientist who creates a robot modelled on his niece, leading to all manner of chaos and confusion. Starring Patricia Roc, Stanley Holloway, Irene Handl and Nigel Patrick (1949).
5.05 **Brookside.**
6.30 **Right to Reply Special.** Is the Irish republic right to lift its 20-year broadcasting ban on Sinn Fein?
7.00 **A Week in Politics.** A look at recent developments in Westminster.
8.00 **Kingdoms in Conflict.** New series. Twelve documentaries investigating the effects of human activity on the natural world, beginning with a look at the conflicting industrial, agricultural and political demands on America's Colorado river. Dieter Plage's film focuses on the one section as yet untouched by man, following its course through the Rocky Mountain National Park, a haven for endangered wildlife.
9.00 **NYPD Blue.** Gritty drama portraying life in the New York Police Department, by Hill Street Blues creators Steve Bochco and David Milch. Det Jim Kelly (David Caruso) seeks revenge after his tough-talking partner Andy Sipowicz (Dennis Franz) is shot and left for dead by mobsters.
10.00 **Short Stories: Readers' Wives.** Every year, hundreds of British men send nude photos of their wives and girlfriends for publication in soft porn magazines, in return for a tiny fee. The programme investigates this highly profitable industry, and examines the lives of four very different entrants in a Readers' Wife of the Year competition.
11.00 **Broadway Stories.** Damon Runyon tale, narrated by Mike McShane.
11.35 **Nusrat Fateh Ali Khan and Party.** Live concert by one of the masters of qawwali, the mystical and devotional music of the Islamic Sufi sect.
1.35 **Herman's Head.**
2.10 **The Word.**
3.05 **Close.**

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
1.05 Anglia News. 1.10 The Munsters Today. 1.35 COPS. 2.05 Condorman. (1981) 3.45 Knight Rider. 4.55 Anglia News and Sport 9.00 Anglia Weather

BORDER:
1.05 Border News. 1.10 George and Mildred. (1980) 2.55 The A-Team. 3.50 Bugs Bunny. 3.55 Superstars of Wrestling. 5.00 Border News and Weather

CENTRAL:
12.30 America's Top 10. 1.05 Central News 1.10 COPS. 1.35 Movies, Games and Videos. 2.05 Knight Rider. 3.00 The A-Team. 3.55 WCW Worldwide Wrestling. 5.00 Central News 5.05 The Central Match – Goals Extra. 9.00 Local Weather.

CHANNEL:
12.30 Heidi. 1.05 Channel Diary 1.10 Sail the World. 1.40 NBA Basketball. 2.40 Cartoon. 3.00 Carry On Cabby. (1963) 4.55 Channel News. 5.00 Puffin's Pla(i)ce.

GRAMPIAN:
12.30 Monadh Ard (Moonacre). 1.05 Grampian Headlines 1.10 Telefios. 1.40 Speaking Our Language. 2.10 Carry On Up the Jungle. (1970) 3.50 WCW Worldwide Wrestling. 5.00 Grampian Headlines 5.05 Grampian News Review 5.10 Robco News. 9.00 Grampian Weather

GRANADA:
1.05 Granada News 1.10 George and Mildred. (1980) 2.55 The A-Team. 3.50 Bugs Bunny. 3.55 Superstars of Wrestling. 5.00 Granada News 5.05 COPS.

HTV:
12.30 The Littlest Hobo. 1.05 HTV News. 1.10 Sail the World. 1.40 A Special Kind of Love. (TVM 1978) 3.15 Movies, Games and Videos. 3.45 The A-Team. 5.00 HTV News and Sport 9.00 HTV Weather.

HTV Wales as HTV except:
5.05 Cartoon Time.

MERIDIAN:
12.30 Heidi. 1.05 Meridian News. 1.10 Sail the World. 1.40 NBA Basketball. 2.40 Cartoon. 3.00 Carry On Cabby. (1963) 4.55 Meridian News.

SCOTTISH:
12.30 Scotsport Extra Time. 1.05 Scotland Today. 1.10 Speaking Our Language 1.40 Telefios. 2.10 The Fiercest Heart. (1961) 3.50 The A-Team. 4.55 Cartoon. 5.00 Scotland Today

TYNE TEES:
1.05 Tyne Tees News. 1.10 The Munsters Today. 1.35 Wanted: Dead or Alive. 2.05 Carry On Behind. (1975) 3.45 Knight Rider. 4.55 Tyne Tees Saturday

ULSTER:
12.30 Blockbusters. 1.05 UTV Live Lunchtime News 1.10 Saturday Sport. 1.15 Movies, Games and Videos. 1.45 The Munsters Today. 2.15 George and Mildred. (1980) 3.55 WCW Worldwide Wrestling. 4.55 UTV Live Early Evening News 5.00 Saturday Sport. 9.00 UTV Live News

WESTCOUNTRY:
1.05 Westcountry Weekend Latest. 1.10 On the Grid. 1.40 The Westcountry Match. 3.45 NBA Basketball. 5.00 Westcountry Weekend Latest.

YORKSHIRE:
1.05 Calendar News. 1.10 The Munsters Today. 1.35 Wanted: Dead or Alive. 2.05 Carry On Behind. (1975) 3.45 Knight Rider. 4.55 Calendar News.

S4C Wales as Channel 4 except:-
7.00 Early Morning. 12.00 Father's Doing Fine. (1952) 1.55 Rygbi Rhyngwladol. 4.10 Racing from Warwick. 4.45 The Three Stooges. 6.30 Cwlwm Serch. 7.00 Jacpot. 7.30 Traed Oer. 8.00 Tocyn Tymor. 9.00 Llygaid Sgwar. 9.15 Newyddion. 9.30 Short Stories: Snappers. 11.00 Echo Park. (1985)

SUNDAY

BBC1

7.25 The High Chaparral. 8.15 Breakfast with Frost. 9.15 Glimpses of God. 9.30 This is the Day. 10.00 See Hear! 10.30 Channel Hopping. 11.00 Careering Ahead. 11.30 Spain on a Plate.

12.00 **Family Affairs.** The high technology future of the traditional family album.
12.30 **CountryFile.**
12.55 **Weather for the Week Ahead.**
1.00 **News.**
1.03 **On the Record.** John Humphrys presents political analysis and discussion.
2.00 **EastEnders.**
3.00 **Film: Across the Wide Missouri.** Western drama, starring Clark Gable (1951).
4.15 **Biteback.** Sue Lawley introduces viewers' ideas about BBC TV.
4.55 **Smokescreen.** Albert Gold has a close encounter with his cinematic rival Frank Sheringham.
5.25 **Antiques Roadshow.** A model ship made out of bone by a French prisoner-of-war in 1800 is among the items valued by the experts in Exeter.
6.10 **News.**
6.25 **Songs of Praise.** Pam Rhodes meets people who live and work in the Derbyshire village of Ashford in the Water.
7.00 **As Time Goes By.** Jean and Lionel decide to set up house together and make all the necessary arrangements – will their plans end in harmony or discord?
7.30 **The House of Eliott.** Evie is introduced to penniless painter Daniel Page, who reluctantly agrees to accept her patronage. Jack and Bea enjoy a night of passion, but find old resentments die hard.
8.25 **So Haunt Me.**
8.55 **News and Weather.**
9.10 **Headhunters.** Doug Lucie's three-part drama set in the world of business, starring James Fox as a ruthless corporate talent scout who specialises in poaching executives from one company to another. But his affluent lifestyle suffers an unexpected setback when the career of his romantic novelist wife (Francesca Annis) starts to take off.
10.00 **Wanted: Families.** A look at the difficulties associated with adopting problem children.
10.40 **Steven Spielberg's Amazing Stories.** A lonely bachelor buys a strange doll which changes his life forever. With John Lithgow.
11.05 **Poor Dear.** An investigation into how charities acquire and spend funds.
11.35 **Weather.**
11.40 **Close.**

BBC2

7.25 Tales of a Wise King and the Devil. 7.30 Playdays. 7.50 Wishing. 8.00 Telling Tales. 8.15 Blue Peter. 9.00 Draw Me. 9.15 Simon and the Witch. 9.30 The Animals of Farthing Wood. 10.00 TimeBusters. 10.25 Grange Hill. 10.55 As Seen on TV. 11.20 Maid Marian and Her Merry Men. 11.45 The O-Zone. 12.00 Dr Who: The Green Death. 12.25 pm The Fugitive. 1.15 The Phil Silvers Show.

1.40 **Cartoon.**
1.50 **Sarajevo: A Street Under Siege.**
2.00 **Around Westminster.**
2.30 **Film: Otello.** Franco Zeffirelli's version of Verdi's opera, based on Shakespeare's tragedy. Placido Domingo stars in the title role, with Katia Ricciarelli as his ill-fated bride (1986).(English subtitles).
4.30 **Ski Sunday.** Action from the men's downhill at Kitzbuhel, Austria.
5.10 **Rugby Special.** Highlights from the opening matches in the Five Nations Championship: France v Ireland and Wales v Scotland.
6.10 **Nomads of the Wind.** The story of the explorers who discovered the Islands of Fiji.
7.00 **The Money Programme.** David Lomax examines the threat to the future of the Co-op corporation which is facing ever-decreasing profits as competitors go from strength to strength. Has one of Britain's traditional businesses become a dinosaur in today's marketplace?
7.40 **The Lost Steptoes.**
8.10 **Moving Pictures.** New series. Reservoir Dogs writer and director Quentin Tarantino gives a tour of the set of his second feature Pulp Fiction, and British film-maker Mike Figgis reflects on the good and bad experiences he has had working in America when he discusses his Hollywood film Internal Affairs.
9.00 **Comic Asides.**
9.30 **Auction.** Sotheby's is one of the world's great international auction houses, but economic pressures have forced the company to adopt new strategies to meet strict financial targets set by its US owner. The programme follows the individuals who must bear the burden of these demands as an important annual sale gets under way.
10.00 **Film: Internal Affairs.** Premiere. Crooked cop Richard Gere's dubious money-making scams come under intense scrutiny from a young police investigator (1990).
11.50 **Film: Sorority Girl.** American college drama, starring Susan Cabot (1957).
12.55 **Close.**

LWT

6.00 GMTV. 9.25 The Disney Club. 10.15 Link. 10.30 This Sunday. 12.30 pm Crosstalk; London Weather.

1.00 **ITN News; Weather.**
1.10 **Walden.** Political interviews.
2.00 **Animal Country.** Norwegian forest cats, goats, and badger-watching at dusk. With Desmond Morris and Sarah Kennedy.
2.30 **The Sunday Match.** Leicester City v Charlton Athletic. Live coverage of the Division One promotion clash at Filbert Street.
5.05 **Father Dowling Investigates.** The ecclesiastical sleuth forces a retrial while serving on the jury of an apparently straightforward murder case.
6.00 **London Tonight; Weather.**
6.20 **ITN News; Weather.**
6.30 **Film: Turner and Hooch.** Detective Tom Hanks tries to solve a murder with the help of the sole witness – a large dog named Hooch. Sloppy comedy, with Mare Winningham and Craig T Nelson (1989).
8.15 **A Touch of Frost.** DI Frost teams up with DS Maureen Lawson to investigate a series of vicious attacks on senior citizens – but their only clue is a piece of an oversize jigsaw puzzle. Meanwhile, Jack seeks personal advice when his late wife's nurse appears on the scene. Starring David Jason, Steve Mackintosh and Sally Dexter.
10.15 **Michael Winner's True Crimes.** Reconstruction of the hunt for Wayne Hurran, the Flying Squad's most wanted armed robber, who shot three policemen while escaping from the scenes of his crimes. Peter McNamara plays the assailant who was sentenced to a total of 159 years imprisonment in July 1988.
10.45 **ITN News; Weather.**
10.55 **London Weather.**
11.00 **The South Bank Show.** Acclaimed film-maker Woody Allen talks candidly to Melvyn Bragg about his prolific career, how he has been affected by the events of the past two years, and his latest movie, Manhattan Murder Mystery.
12.00 **Sail the World.**
12.30 **Cue the Music.**
1.30 **War of the Worlds.; ITN News Headlines.**
2.20 **Music from the Circus.**
2.50 **Film: Valley of the Dolls.** Glossy drama. A smalltown girl (Barbara Parkins) hopes to make it big in Hollywood, but finds herself caught up in the pill-popping world of the rich (1967).
5.00 **Crusade in the Pacific.**

CHANNEL4

6.00 Early Morning. 9.30 Dennis. 9.45 Dog City. 10.15 Saved by the Bell. 10.45 Planet of the Apes. 11.45 Little House on the Prairie. 12.45 pm Bush Tucker Man.

1.15 **Football Italia.** James Richardson and Peter Brackley introduce live action from Juventus v Roma.
3.30 **Film: Miss Sadie Thompson.** Musical about a sultry South Sea island temptress who clashes with a puritanical preacher. Rita Hayworth and Jose Ferrer star (1953).
5.10 **News Summary; Weather.**
5.15 **High Interest: Loadsamoney!** An investigation into the sources of prosperity in Britain today, and what the changing face of wealth says about society. Featuring interviews with such entrepreneurs as John Madejski, whose company publishes the weekly magazine Auto Trader, Kwik Save supermarket founder Albert Gubay, and brothers Richard and David Darling, who run their own computer software business.
6.00 **Moviewatch.** Review of Woody Allen's Manhattan Murder Mystery, and an interview with Emma Thompson in Hollywood.
6.30 **The Cosby Show.**
7.00 **Time Team.** New series. Mick Aston of Bristol University and actor Tony Robinson lead a group of archaeologists in a race against time to investigate whether a site in Athelney, Somerset, holds the key to a crucial phase in English history – Alfred the Great's defeat of the Danes. The programme follows their findings as they work desperately to come up with new information, and provides a revealing insight into the complex techniques and electronics used during the excavation.
8.05 **Film: Oklahoma!** Widescreen version of Rodgers and Hammerstein's romantic Western musical about a cowboy's struggles to win the heart of his true love, despite the intervention of a sinister hired hand. Starring Gordon MacRae, Shirley Jones, Rod Steiger and Gloria Grahame (1955).
10.45 **The Road to Superbowl.** Tonight's game is San Francisco 49ers v New York Giants.
12.45 **Film: Abel.** A 30-something man resolves to do whatever is necessary to prevent him having to leave his parents' apartment. Dutch farce, starring Alex Van Warmerdam (1986).(English subtitles).
2.40 **Close.**

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Food Guide. 12.55 Anglia News. 2.00 Highway to Heaven. 2.55 Wish You Were Here? 3.25 Carry On Cruising. (1962) 5.00 Bullseye. 5.30 Animal Country. 6.00 Anglia News On Sunday 10.55 Anglia Weather.

BORDER:
12.30 Gardener's Diary. 12.55 Border News. 2.00 Seven Nights in Japan. (1976) 4.00 Coronation Street. 5.00 Scotsport. 6.15 Border News.

CENTRAL:
12.30 Central Newsweek. 12.55 Central News 2.00 Take 15. 2.15 Travel Trails. 2.45 The Central Match – Live. 5.15 Bullseye. 5.45 Hit the Town. 6.15 Central News

CHANNEL:
12.30 Reflections. 12.35 Rendez-Vous Dimanche. 12.50 Telejournal. 2.00 Cartoon. 2.15 Wanted: Dead or Alive. 2.45 Sunday Sport Live! 5.15 Wish You Were Here? 5.45 Animal Country. 6.15 Channel News.

GRAMPIAN:
11.00 Sunday Service. 11.45 Eikon. 12.00 This Sunday. 12.30 Gardener's Diary. 12.55 Grampian Headlines. 2.00 Great Planes. 3.05 Highway to Heaven. 4.00 Movies, Games and Videos. 4.30 Animal Country. 5.00 Scotsport. 6.15 Grampian Headlines 10.55 Grampian Weather.

GRANADA:
12.25 The Entertainers. 12.55 Granada News 2.00 The Granada Match – Update. 3.00 The Granada Match – Live. 5.15 Coronation Street. 6.15 Granada News

HTV:
12.25 Meredith on Sunday. 12.55 HTV News. 2.00 HTV Newsweek. 2.30 World Cup Hall of Fame. 2.45 The West Match. 5.15 The Great Bong. 5.45 Journeyman. 6.15 HTV News. 10.55 HTV Weather.

HTV Wales as HTV except:
12.25 People. 2.00 Playback. 2.45 Soccer Sunday. 5.15 Highway to Heaven.

MERIDIAN:
12.30 Seven Days. 12.55 Meridian News. 2.00 Cartoon. 2.15 Wanted: Dead or Alive. 2.45 Sunday Sport Live! 5.15 Wish You Were Here? 5.45 Animal Country. 6.15 Meridian News.

SCOTTISH:
11.00 Sunday Service. 11.45 Eikon. 12.00 This Sunday. 12.30 Wemyss Bay 902101. 12.55 Scotland Today. 2.00 Rio Conchos. (1964) 4.00 Movies, Games and Videos. 4.30 Border Raid. 5.00 Scotsport. 6.15 Scotland Today

TYNE TEES:
12.25 Tyne Tees Newsweek. 2.00 Highway to Heaven. 2.55 Tyne Tees Match – Live. 5.20 The Champions – Where Are They Now? 5.50 Tyne Tees Weekend.

ULSTER:
12.25 Gardening Time. 12.55 UTV Live Lunchtime News 2.00 Bon Voyage. 2.30 Life Goes On. 3.25 Police Six. 3.35 Animagic. 3.50 On Fire. (TVM 1986) 5.40 Bullseye. 6.10 Witness. 6.15 UTV Live Early Evening News

WESTCOUNTRY:
12.30 Westcountry Update. 12.55 Westcountry Weekend Latest. 2.00 Sail the World. 2.30 NBA Basketball. 3.25 Life Goes On. 4.20 Roadrunner. 4.50 Getaways. 5.20 Highway to Heaven. 6.15 Westcountry Weekend Latest.

YORKSHIRE:
12.25 The Littlest Hobo. 12.50 Calendar News. 2.00 Highway to Heaven. 2.55 Doctor in Clover. (1965) 4.50 US Women's Challenge. 5.20 The Champions – Where Are They Now? 5.50 Calendar

RADIO

SATURDAY

BBC RADIO 2

6.00 Sujata Barot. 8.05 Brian Matthew. 10.00 Sally O'Sullivan. 12.00 Hayes on Saturday. 1.30 An Actor's Life for Me. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Happily Ever After? 5.00 Cinema 2. 5.30 Nick Barraclough. 6.00 Suzy Bogguss in Concert. 7.00 Thicker Than Water. 7.30 A Celebration of Hollywood. 9.30 David Jacobs. 10.00 Arts Programme. 12.05 Ronnie Hilton. 1.00 Charles Nove. 4.00 Sujata Barot.

BBC RADIO 3

6.35 Open University: Countdown to Logs.
6.55 Weather.
7.00 Record Review. Bizet, Busnois and Chopin.
9.00 Building a Library.
12.00 Spirit of the Age.
1.00 News.
1.05 Selected Poets.
1.20 The Fine Song.
2.05 Bristol Lunchtime Concert.
3.00 Vintage Years.
5.00 Jazz Record Requests. With Geoffrey Smith.
5.45 Music Matters. The role of music in German culture.
6.30 Live from the Met. I Lombardi. Verdi's epic opera.
9.45 Tchaikovsky and Friends. Music by Tchaikovsky and his contemporaries.
10.05 Studio Three: Taking Moments. A radio opera by Mike Walker and Mia Soteriou.
11.00 Impressions. Brian Morton talks to percussionist Edward Vesala.
12.30 News.
12.35 Close.

BBC RADIO 4

6.00 News.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends. From Dublin.
11.00 The Week in Westminster.
11.30 From Our Own Correspondent.
12.00 Money Box.
12.25 Just a Minute. From the Edinburgh Festival.
1.00 News.
1.10 Any Questions? In Eccleston, Merseyside.
2.00 Any Answers? 071-580 4444. Phone-in response programme.
2.30 Playhouse. The Rector's Daughter. Dramatised by Simon Gray from F.M. Mayor's novel.
4.00 Erin Through the Mists of Time.
4.30 Science Now.
5.00 A Friend in Need.
5.40 View from the Fish Queue.
6.00 News.
6.25 Week Ending.
6.50 The Locker Room.
7.20 Kaleidoscope. Interview with Woody Allen.
7.50 Saturday Night Theatre: Heaps at Cambridge. By Jeremy Paul.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Quote Unquote.
10.45 Testing Times.
11.00 Mirrored in Music.
11.30 Fear on Four.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5

6.00 World Service.
6.30 Weekend Edition.
9.30 Get Set.
10.30 Secret Agent X-9.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
6.05 Six-O-Six.
7.30 Afropop Worldwide.
8.30 Le Top.
9.30 The Green Hornet.
10.10 The Way Out.
12.00 Close.

WORLD SERVICE

BBC for Europe can be received in Western Europe on medium wave 648 kHZ (463m) at these times GMT:

6.00 News; British News; The World Today. 6.30 Europe Today. 7.00 Newsdesk. 7.30 People and Politics. 8.00 News; Words of Faith; A Jolly Good Show. 9.00 News; Business Report; Worldbrief. 9.30 Personal View. 9.45 Sports. 10.00 Printer's Devil. 10.01 Jazz Now and Then. 10.15 Letter From America. 10.30 Waveguide. 10.40 Book Choice. 10.45 From the Weeklies. 11.00 Newsdesk. 11.30 BBC English. 11.45 Mittagsmagazin: News in German. 12.00 News; Words of Faith; Multitrack Three. 12.45 Sports. 1.00 Newshour. 2.00 News; John Peel. 2.30 Sportsworld. 3.00 News: Sportsworld. 4.00 News; British News; BBC English. 4.30 News Aktuell. 5.00 News; Sportsworld. 5.30 BBC English. 6.00 Newsdesk. 6.30 Heute Aktuell. 7.00 Nachrichten. 7.05 Weekend Feature. 8.00 News; Words of Faith; Personal View; Jazz For The Asking. 9.00 Newshour. 10.00 News; British News; Meridian. 10.45 Sports. 11.00 News; Words of Faith; Book Choice; A Jolly Good Show. 12.00 Newsdesk. 12.30 The John Dunn Show. 1.00 News. 1.01 Play of the Week: Stages. 2.00 Newsdesk. 2.30 A Wandering Crow. 3.00 News; British News; Sports. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 News; Bright Moon of the Seasons. 4.30 BBC English. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2

7.00 Pam Rhodes. 9.05 Michael Aspel. 10.30 Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Stars of the 50s. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.05 Steve Madden. 3.00 Alex Lester.

BBC RADIO 3

6.55 Weather.
7.00 Sacred and Profane. Part, Haydn, Malcolm Williamson.
9.00 Brian Kay.
12.15 Music Matters. German music after reunification.
1.00 News.
1.05 Proms 1993. Haydn, Beethoven, Schubert, Haydn.
2.40 Octet for Winds. By Carl Reinecke.
3.05 A Centenary Celebration. Tippett, Chopin, Part, Mozart, Elgar.
5.15 Making Waves.
6.00 Viola and Piano. Schubert, Bach arr Kodaly, Brahms.
7.00 Sunday Play: A Patriot for Me. By John Osborne.
9.45 Music in Our Time. Meredith Monk's opera Atlas.
11.15 Choir Works. Ivor Bolton talks about his work.
12.30 News.
12.35 Close.

BBC RADIO 4

6.00 News.
6.10 Prelude. With Majorie Lofthouse.
6.30 Morning Has Broken. From St Michael's Church, London.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 Lynn Faulds Wood. On behalf of a charity for back pain sufferers.
9.00 News.
9.10 Sunday Papers.
9.15 Letter From America. By Alistair Cooke.
9.30 Morning Service.
10.15 The Archers. Omnibus.
11.15 Mediumwave.
11.45 Four Corners. Deviant States.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Classic Serial: Waverley. By Sir Walter Scott.
3.30 Pick of the Week.
4.15 Inside the New Civil Service.
5.00 John Cole's English Journey. Bristol.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 Keeping the Faith. Sheffield knife maker Stan Shaw
6.30 Letters from Margaret. Correspondence between George Bernard Shaw and a distraught mother.
7.00 The Paris.
7.30 Eureka.
8.00 Dangerous to Know. By Michael and Melissa Bakewell.
8.30 Believing in Britain.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 A Victorian Rebel. A portrait of suffragette Dame Ethel Smyth.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5

6.00 World Service.
6.30 Weekend Edition.
9.30 Captain Kidd and the First Fifteen.
10.00 Johnnie Walker.
11.30 Fantasy Football League.
12.30 Simon Fanshawe's Sunday Brunch.
2.00 A Century Remembered.
2.30 Over the Moon: Sick as a Parrot.
3.00 Sunday Sport.
6.00 Labour of Love.
6.30 Education Matters.
7.15 A Family Learns Spanish.
7.45 Italianissimo II.
8.15 Language Live.
9.30 Hair in the Gate.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE

BBC for Europe can be received in western Europe on Medium Wave 648 kHZ (463m) at these times GMT:

6.00 News; British News, Letter From America. 6.30 Jazz For The Asking. 7.00 News. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith; Ray On Record. 9.00 News; World Business Review. 9.15 Short Story: The Escape. 9.30 Folk Routes. 9.45 Sports. 10.00 News; Science in Action. 10.30 In Praise of God. 11.00 News. 11.30 BBC English. 11.45 News and Press Review in German. 12.00 News; Play of the Week; Stages. 1.00 Newshour. 2.00 News; Heritage. 2.30 Anything Goes. 3.00 News; Concert Hall. 4.00 News; British News; BBC English. 4.30 News in German. 5.00 News; World Business Review; BBC English. 6.00 News. 6.30 News in German. 8.00 News; Words of Faith; Folk Routes. 8.30 Europe Today. 9.00 Newshour. 10.00 News; British News; Meridian. 10.45 Sports. 11.00 News; World Business Review; Ray On Record. 12.00 News. 12.30 In Praise Of God. 1.00 News; Opera of the Week. 1.45 Sharp Talents. 2.00 News. 2.30 Composer Of The Month: Sergei Prokofiev. 3.00 News; British News; Sports. 3.30 Anything Goes. 4.00 News; Unconsidered Trifles. 4.30 BBC English. 4.45 News and Press Review in German.

CHESS

Hastings is the chess world's best known and longest running international congress, first staged in 1895 then annually since 1920 with a wartime break. The borough council plans a centenary year in 1995 including living chess and an exhibition.

John Nunn, the UK No 4, last week won the 1994 Hastings in the style of a strong grandmaster, displaying his theoretical skills and repelling his Russian rival's attack in the final round.

The reigning British champion traditionally does badly at Hastings. The curse struck in 1958 when the champion Penrose could not play and I was chosen as runner-up. I kept missing obvious checks and forks, and allowed mate in one.

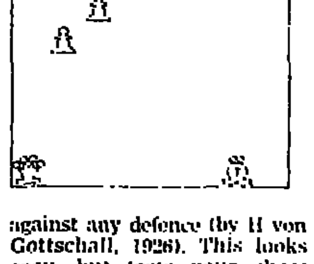
This year Michael Hennigan defied the omens, shared third prize, and scored the quickest win of the event (I Rogers, White; M Hennigan, Black; Hastings 1993-4).

1 e4 c5 2 Nf3 Nc6 3 Bb5 The older player diverts his booked-up young opponent from theoretical lines. e6 4 Bxc6 4 0-0 or 4 c3 allow more options. bxc6 5 0-0 d5 6 d3 Ne7 7 e4 White has his sights on the c5 pawn, but Nc3,b3 and Ba3 at once saves time. Ng6 8 Nc3 Be7 9 b3 0-0 10 Ba3 Bd6 11 Re1 d4 12 Na4 e5! A promising gambit to exploit White's unguarded K-side.

13 Bxc5 Nf4 14 g3 Nh3+ 15 Kg2 Bg4 Threatening an immediate win by Ng5. 16 Qd2 f5 17 Ng1 Nxg1 18 Kxg1 Bf3! Cutting off the WK and angling for Qh3 forcing mate. 19 Bxd6 Qxd6 20 Qg5 f4 White has saved his king, but his queen becomes trapped. 21 Rec1 Rf6 22 Kf1 Rg6 23 c5 Qc7 24 Resigns. Either 24 Qf5 Bg4 or 24 Qh4 Rh6 25 Qg5 Rh5 leaves the queen no escape.

No 1004

White mates in three moves,



against any defence (by H von Gottschall, 1926). This looks easy, but tests your chess imagination.

Solution Page XXII

Leonard Barden

BRIDGE

To bring home a difficult contract by first class technique such as a squeeze, an endplay, or a trump coup,is extremely satisfying, but to miss a brilliancy by careless analysis is devastating. From a rubber of high standard study The Shame of It:

	N	
	♠ J 8 7 3 ♥ K 6 4 ♦ A 7 6 ♣ 10 8 2	
W ♠ 10 6 5 2 ♥ A J 9 5 ♦ J 9 4 3 ♣ 3		**E** ♠ A K 9 4 ♥ Q 10 7 2 ♦ 5 2 ♣ 7 6 4
	S ♠ Q ♥ 8 3 ♦ K Q 10 8 ♣ A K Q J 9 5	

With North-South vulnerable, playing with my favourite partner, I dealt in the South seat, and opened the bidding with one club, North replied with one spade, and I rebid two diamonds. Perhaps I was short of high card points, but the solid club suit made up for that. North gave simple preference with three clubs, I bid an invitational four clubs, and then North's five clubs closed the auction.

West opened with the four of spades, the king won, and East returned the two of hearts to West's ace. West switched back to the five of spades, and East's nine was ruffed with the club knave. The contract looks cold, provided that clubs or diamonds break evenly. I cashed my ace of clubs, crossed to the eight, and West showed out. I drew the last trump, cashed king and ace of diamonds, and led a third diamond. West had four – one down.

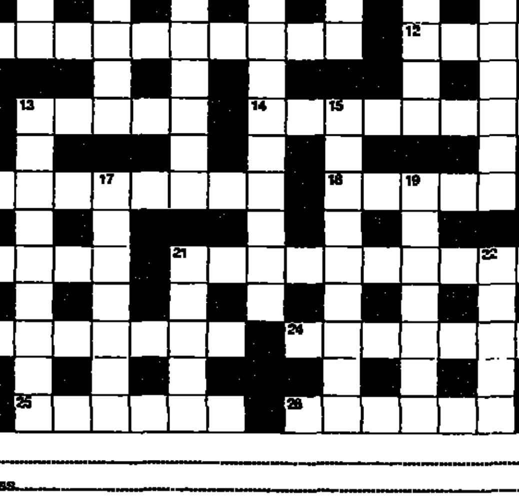
At this moment I saw what I had missed. When West failed to produce a second club, I should have played the knave of spades, the ace must cover, and I ruff. I have transferred the spade menace. I play off my last two trumps, cross to diamond ace, and return the king of hearts. This squeezes West, and I am home.

E P C Cotter

CROSSWORD

No. 8,354 Set by VIXEN

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday January 26, marked Crossword 8,354 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday January 29.



Name...

Address...

ACROSS
1 A woman of the church being shown around animal refuge (6)
4 A plank craftily positioned? (6)
8 Sack the young attendant with badness in him (7)
9 Vehicles carrying rubbish or vegetables (7)
11 A park one regards in a special way (4-6)
12 Grim, causing many great displeasure (4)
13 Place to find a little boy represented in stone (5)
14 Army personnel counted as discharged (8)
16 Popular credit arrangement, though far from straightforward (8)
18 Apt to irritate (5)
20 Supporters cooling off? (4)
21 Head Conservative following a walk over (10)
23 Turned out given direction, and took part (7)
24 Supreme new venture (7)
25 No way-out course! (6)
26 Flag but continue to write around mid-evening (6)

DOWN
1 Capital atmosphere apparent in the small firm (5)
2 Some women fail – men too perhaps – giving rise to complaint (7)
3 A garrulous tale can get a girl more make-up (9)
5 Mind blowing initial fall (5)
6 Cut a cross (7)
7 Discouraging depression about the earth in France (9)
10 If a fellow admits a relationship it must be love! (9)
13 Fruit that's really soft dropped into long drink (9)
15 Speak of underworld chase (9)
17 Pressing for tick (7)
19 A skilled worker trains a replacement (7)
21 Vexation of the first lady after exercises (5)
22 A citizen who is backward in the main – a moron (5)

Solution 8,353

H	O	R	S	E	R	A	D	I	S	H		P	O	T
E		E		A		U		N		A		U		E
D	R	A	F	T		C	U	T	A	N	D	R	U	N
G		C		E		T		E		D		S		D
E	X	T	E	N	S	I	O	N		S	O	U	S	E
R		I				O		D		D		E		R
O	X	O	N	I	A	N		S	W	O	T			
W		N		L						W		P		P
			S	L	A	M		S	A	N	G	R	I	A
C		F		A		O		U				O		N
H	O	I	S	T		U	N	B	R	I	D	L	E	D
E		T		E		N		E		G		O		A
R	E	T	R	A	C	T	E	D		L	O	G	I	C
U		E		S		I		I		O		U		A
B	A	R		E	L	E	C	T	I	O	N	E	E	R

Solution 8,343

E	N	T	E	R	P	R	I	S	E	S		F	I	T
G		A		A		E		W		P		A		W
G	A	V	E	L		G	U	I	D	E	L	I	N	E
H		E		P		I		M		C		L		N
E	A	R	T	H	W	O	R	M		T	R	E	N	T
A		N				N		E		A		D		Y
D	R	E	D	G	E	S		R	I	T	E			
S		R		R						O		M		B
			B	E	E	F		T	E	R	M	I	N	I
C		B		A		I		W				C		R
A	B	O	U	T		G	L	I	T	T	E	R	E	D
D		R		N		L		N		O		O		B
G	A	R	D	E	N	E	R	S		N	A	D	I	A
E		O		S		A		E		I		O		T
R	A	W		S	A	F	E	T	Y	C	A	T	C	H

WINNERS 8,343: R.E. Flaherty, Rostherne, Cheshire; Mrs Margaret Ross, Edinburgh; Susan Howe, Stevenage, Herts; Ms T.G. Bond, Whitstable, Kent; B. Naylor, Saffron Walden, Essex; James McClatchie, Dublin.

Back to front basics

***Hugh Dickinson** says the government has underestimated voters' intelligence*

Complexity – that is the problem with Back to Basics. Politicians like things to be simple and believe that the public response to issues, policies and events will be gut reactions, which they know how to provoke.

Back to Basics was based on two assumptions: first, that the basic gut of Great Britain is uniform, wholesome and above all simple, and second, that people do not like to be asked to think. Both are false. The government has lost the trust of many people because its Back to Basics campaign failed to recognise that Britain is a complex community with widely differing gut reactions. Even within the Conservative party the "basics" of a Suffolk mayor, a cabinet minister and Sir Edward Heath are manifestly incompatible. That is not what we mean by basic morality. Sir Edward even says that it is dangerous for a political party to adopt a moral perspective. You cannot get much more basic than that.

The Church has been struggling with the problem of morality in a complex society for hundreds of years. Unless there is a common spiritual commitment to certain fundamental values, moral exhortation is whistling in the wind. We have tried it. Certainly, the electorate is deeply anxious about the moral disintegration suggested by the breakdown of families and a wave of crime. But the government has made a mistake in supposing that the same electorate will respond to offers of a quick fix.

It seems, indeed, that the British public is now learning to think about complex issues – for example embryology – and is quite enjoying the experience. Yes, there have been some typically gut reactions to 60-year old pregnancies and to the idea of giving a woman eggs from a dead foetus. But even those with strong feelings add that we must have time to think.

This is not an easy candidate for a Back to Basics basket. Nor is abortion, that political land mine just waiting to be trodden on.

Then there are the issues of law and order – dauntingly complex to anybody except the Neanderthals. Most of us now suspect that longer sentences in more (privatised) prisons will not reduce crime. It is a sop to the gut of the rottweiler tendency. Sending naughty boys on trips abroad does stick in the gullet. But it is at only two thirds of the cost of keeping them in prison and is three times as effective in preventing them re-offending. That way of making good citizens out of bad lads will certainly not be part of the basics basket.

What about traditional family values? Surely the Church will root for them? Any priest or counsellor who knows the pain and trauma of fractured families and broken marriages must long for a community stable families and faithful marriages. But I find myself less and less able to attribute all that human misery to personal irresponsibility or moral failure. That simple censorious Back to Basics judgment, which was the gut reaction at the Conservative Party conference, misses the complex dynamics of families and relationships under huge psychological pressure in a changing society. It may also be taking a very rosy view of what happened 50 years ago. Families and marriages were certainly held together by social controls. But women were grossly oppressed.

Our politicians seem unable to understand that the frightening symptoms of social disarray are just that – symptoms. (Any priest knows that the "sins" recounted by the penitent are not the real problem.) They point to a much deeper and systemic malaise which is the direct consequence of policies and attitudes which have exalted personal choice over community responsibility, personal gain over the common weal, competition over co-operation. Those are the basics of the Thatcher years. No one should be surprised that they have spilled over from public and commercial life into the streets and then into homes and personal relationships.

The moral fabric of a community is seamless and entire. Adultery matters. It breaks one thread of the fabric. But so does embezzlement. So does the alleged suppression by Ministers of the evidence which could acquit three innocent men in the Matrix Churchill case. So does being economical with the truth. Such actions erode trust. Our society needs moral reconstruction. But by public example and a consensus about fundamentals much subtler than a natty political slogan.

■ *Hugh Dickinson is Dean of Salisbury*

Private View/**Christian Tyler**

In search of future enemies

Because the west can no longer see the enemy, Nato is struggling to find a role. Around the world the guns keep firing. But without an enemy who can feel secure?

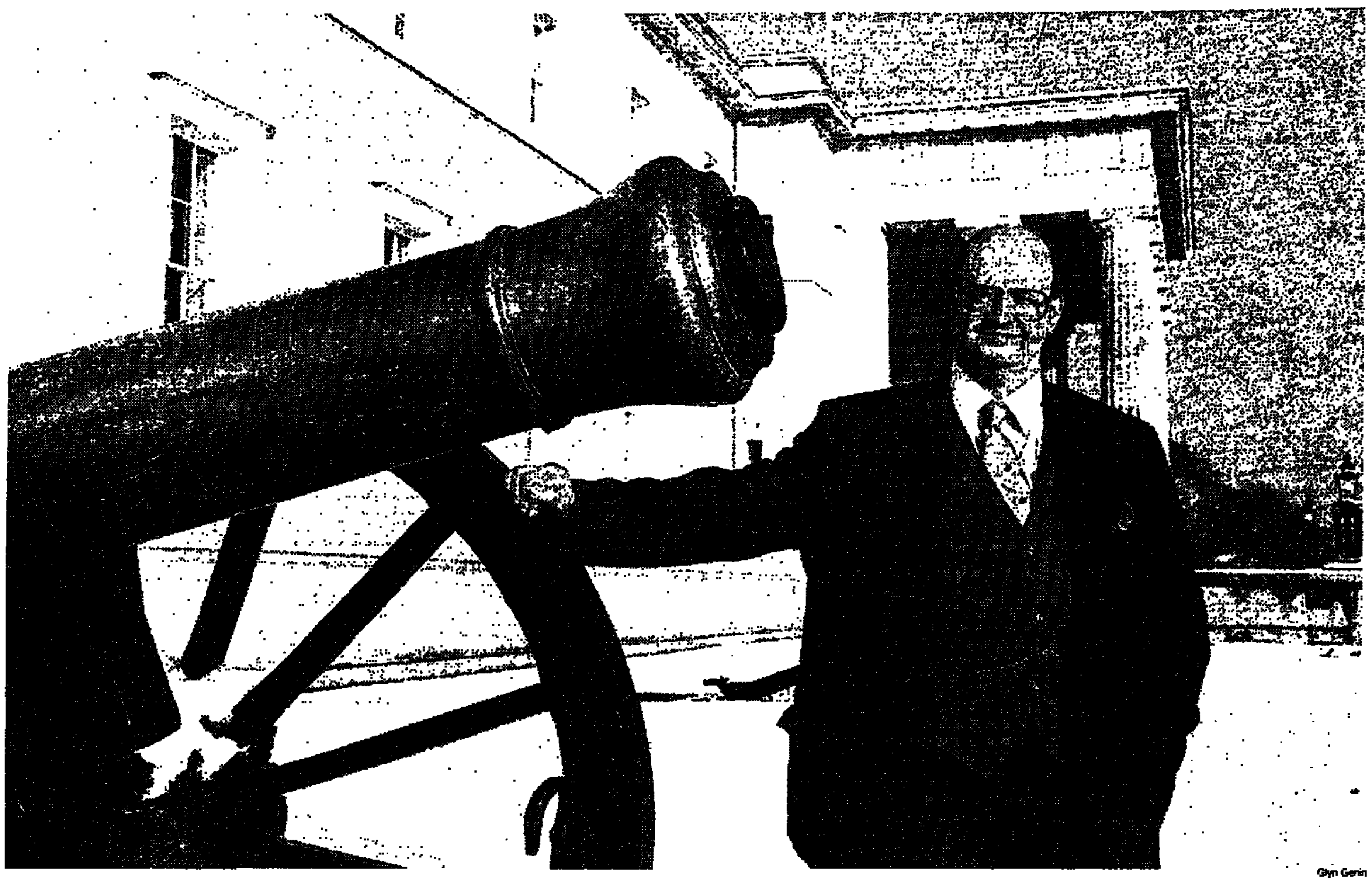
So, while leaders of the western military alliance were jetting to Brussels to talk this week about "partnerships for peace" I took a suburban train through the snow to Camberley in Surrey to talk about prospects for war.

My target was David Chandler, latest victim of the peace dividend. Last night, the eve of his 60th birthday, he was pensioned off from his job as head of war studies at the Royal Military Academy, Sandhurst.

A Pickwickian figure in waistcoat and watch chain, Chandler is one of Britain's leading military historians, a globetrotting Napoleon specialist, prolific writer and lecturer, adviser to television (latterly, *The Great Commanders*), stalwart of the Sealed Knot society for re-enactment of famous battles.

Dr Chandler is not shy. The letters after his name run right across the office door and the frontispiece of his latest book is a photograph of the D. Litt awarded to him by Oxford University. Instead of visiting cards he hands out witty colour caricatures of himself.

Nor is he short of words: they pour from him like a fusillade from a pom-pom gun. But behind the rapid fire is a grim realist with a speculative mind: could the next great war, asks Chandler, be triggered by rival international business cartels?



Glyn Genin

He does not see Britain going to war again except as part of an alliance, unless for some small-scale operation like the Falklands. Neither could he imagine another struggle between former European adversaries; that is, unless a "totally wrong regime" were to gain power via the ultra-right-wing nationalists now reappearing in Germany, France and, of course, Russia.

So where is the threat coming from?

"I go back to Napoleon's statement. 'Let China sleep. When she wakes the world will rue it.' China is the unknown card in the pack in a very big way."

Chandler was not referring to Britain's dispute over Hong Kong. "That will be just a sad last whimper of the British Empire. The Chinese are humiliating the UK in revenge for the way we treated them in the 19th century.

"No, the Chinese have got these tremendous resources they haven't even started to tap, a huge population, this terrific intelligence. And it's a very heady (the pronounced it 'heedy') combination."

Would the issue be *lebensraum*?

"If they haven't got their resources fully mobile they'll have to move to get other people's resources to maintain their standard of living, development, industry. That's always been the major thing. Like the Rape of the Sabine Women. Rome was short of breeding stock. So it went to grab 'em. Nowadays it's oil."

What about the Japanese? Aren't they in that position too?

"Ahhh... Right. We used to call them the British of Asia in 1905, 'the gallant little Jap'. They *could*. You see, they've had a very humiliating defeat and of course it's difficult for a westerner to fully understand. They are humiliated and lost face. That is going to be a problem in the longer term. China will see threats which we would not regard as threats and feel they must take determinate action, or the Japanese could do it, partly for revanchism, though they don't want to admit that..."

Chandler regards economic competition as a possible cause of war, not a substitute for it. It was obvious, he said, that the Gulf war was fought because of Kuwaiti and Saudi oil. Less obviously, Atlantic oil was a prime reason for the Falklands War.

"When the chips are down you go to war for key resources. If you are going to suffer a lot, become a slave economy or whatever, that could cause struggles of this nature."

Does that mean war is not eradicable?

"In a perfect world it would be. But it's not a perfect world."

If war was eradicable, I said, it *would* be a perfect world.

He chuckled. "Exactly right. Touché."

There could be conflicts to prevent nuclear proliferation. But there was still another danger that strategists were now beginning to study:

"It is these huge international cartels, great groupings of multi-mega-millions of dollars in the hands of relatively small groups of top industrialists. There is a danger, in my opinion – no more than that – that they could become the equivalent of the medieval big bad barons, terrorising people all round them, in a sense. They have so much influence on standards of living and so forth that in a way they can dictate to governments."

They can tell governments to go to war?

"Well, at a pinch, as a last extremity, yes. They might. Shaw in *The Apple Cart* foresaw a bit of this...

"You see, the multinationals are not moral or immoral, they are amoral. They are huge, they have terrific influence, great potential for good, or evil if they do the wrong things. If they get desperate about resources they need to keep their status they will be looking for countries which they can induce to do the dirty work, like grabbing, say, a third of China's oil." Even the European Union, with its powerful but barely-accountable officials, could be seen as constituting a cartel.

'Everyone knows war is wicked. Trouble is, some of us know there are worse things than war, under certain circumstances'

Chandler is the son of an East Yorkshire vicar and considered entering the church himself. Like many small boys he was captivated by warlike images: a picture of a medieval fortress, a tank that spat sparks when you pushed it. I suggested he had chosen a contrary vocation.

He protested: "Not for one moment would I claim to be a militarist. I would hate to be called that. The study of war itself is no more militarism than the study of medicine means trying to propagate illness. In a way you are looking for answers: I wouldn't say quite *solutions*, human nature being what it is.

What's the difference between "war studies" and "peace studies"?

"Ah! Black and white wizards – that's what the peace studies people will say. They believe they are motivated by avoidance of war at all costs, while the war student, if that is the right word, is looking for the means of prosecuting his profession if he needs to.

"Really, there is a lot of common ground. Everyone knows war is wicked. Trouble is, some of us know there are worse things than war under certain circumstances – like genocide or the enslavement of people."

Bosnia had shown again how thin was the veneer of civilisation. At the base of all humanity there was a streak of violence. It could be constructive, the drive behind a great book, symphony or building. Or it could be destructively employed to protect an interest.

Chandler admires Clausewitz's perception that a military commander's greatest test is "friction" in war, the idea that if anything can go wrong, it will. Nor does he share Clausewitz's enthusiasm for war as a necessary, even noble instrument of state policy. He prefers the Swiss strategist Henri Jomini, Marshal Ney's chief of staff, first analyst of Napoleon's military method.

All wars are hell, said Chandler, with a few positive products such as medical innovation and human courage and comradeship. Wars were inevitable, too, so long as the United Nations (like the League of Nations or the Congress of Europe before that) remained a forum for propaganda battles and adversarial alliance-building rather than an institution of supranational moral purpose with its own military capability.

"I would call myself a realist more than anything else," Chandler said. "I don't believe necessarily in the perfectibility of human nature. It's not very different now, I imagine, than 500,000 years ago. Life, and the struggle for life, does involve violence, even if it's putting out a fire. There's always danger and risk, surviving a challenge.

"That is my basic interest, the way man reacts and has reacted to the challenges, the perils and the opportunities of war, which is probably the most challenging aspect of human existence, the greatest challenge for an individual and for a society."

But if we can't sustain the moral imperative for peacekeeping, I said, does that mean we shall revert to a pre-Cold War age where war was legitimate as well as inevitable?

"There is a danger of that, I would agree with you, if everything is breaking up and America hasn't the energy or the incentive to do the whole thing."

So we're going to say about former Yugoslavia "Let the buggers fight it out"?

"That's the realpolitik. I wouldn't use the word cynical, but I think a very practical view. Except, *we will* fight when our own interests are definitely threatened. Then we will intervene."

The lessons of history have not made us any more altruistic?

"I'm afraid when the chips are down that is the bottom line."

So we'll accommodate by saying these kinds of war are an inevitable, evolutionary development?

"That's a highly realistic-pessimistic view, of course. Being realistic, I fear that is the way it's going to go."

As They Say in Europe / **James Morgan**

New pieces in an old game

From a Prague newspaper: "If the west is not to bend the knee before Moscow, it will have to give the central European countries a clear promise. Not because those lands face an acute threat but in order to save face and to show that, five years after the collapse of the Warsaw Pact, there is at last a project for the whole continent."

Thus the daily, *Lidove Noviny*, showed its lack of enthusiasm for what the Americans called "Partnership for Peace" at the Nato summit this week.

In the same paper, Lech Walesa, the Polish president, attacked the Czechs for being "too soft" in their attitude to the formula. The west planned "PforP" as a bare maximum – the most that could be offered without annoying Moscow.

This was not enough for the Poles and others in central Europe who want to join Nato. They think the west is offering them protection in the future, once it has been demonstrated they don't need it.

The crispest answer to the implicit accusation of hypocrisy came in a German paper: "A security system for eastern Europe cannot be constructed without or against Russia, but only with it."

Nevertheless, German opinion was divided. The *Frankfurter Rundschau* said Partnership for Peace had some advantages – it gave Russian President Boris Yeltsin the chance to sell the Nato decision as a success, but added that the future of Russian democracy depended far more on economic success than anything in the security field.

This view was echoed in Moscow: *Pravda* said of US President Bill Clinton's visit: "The US delegation has in its bag more pieces of advice and political declarations than economic programmes, or, most importantly, funds for their realisation."

In fact the Americans are just plain confused; they went to Moscow in the belief that Yeltsin was still the one man in the region they could do business with.

But the arguments within Nato today are the same as those between the wars, after the collapse of the imperial system in east and central Europe. The question is this: once a belt of new independent nations has been constructed down the middle of Europe between Russians and Germans, who is going to guarantee their security?

The very act of offering a guarantee can lead to trouble. So the British and French refused to stand up for Czechoslovakia in 1938. The Poles then rejected Soviet guarantees in 1939 – the country's foreign minister Colonel Beck was said to have signed away his country between two flicks of his cigarette. And the British knew that by offering Poland a treaty they were probably guaranteeing, not Poland, but a second world war.

But things have changed in some respects. Germany is no longer led by a maniac and most countries of the region welcome a security system in which Germany plays a leading role. There is also the unrecognised fact that today Russia has no borders with any country of central Europe, a unique situation. Instead Ukraine acts as one buffer and Belarus as another. Everybody forgets Belarus, still known in German as White Russia.

This fact should offer an unusual opportunity. Sixty years ago the successor states of central Europe were supposed to form a *cordon sanitaire* against Bolshevik expansionism. Today, in different circumstances, Ukraine and Belarus might play the same role. But nobody thinks in those terms, so the west has demanded that Ukraine get rid of its nuclear arsenal. It might one day be glad that that country does not make good its promise to do so.

With Russia now removed from central Europe's back yard and Germany run by peace-loving democrats, why is everybody so worried? The noted Liberal Democrat, Vladimir Zhirinovsky is obviously one reason but the other is that nobody seems able to grasp the full dimension of the present situation.

Policy-makers see no role for Belarus or the Baltic states because they have not assimilated them into their planning framework. Bismarck or Kissinger would have known what to do – support someone unpleasant or pour men and weapons into the region.

The situation is like a chess championship played with many new pieces. Imagine Short and Kasparov have been given extra rooks and pawns, plus some new pieces with unusual moves, say a "Serb" (10 squares backwards and then mates itself). In such circumstances players like me could probably give a grandmaster a hard time.

That's the trouble with Europe today: far too many pieces on the board, nobody knows what they can do, where they are or what they are all called. It makes novices of us all.

■ *James Morgan is economics correspondent of the BBC World Service*

Melina, use your marbles

Michael Thompson-Noel

I thought: why doesn't the old bat stop whingeing and get down to some serious ministerial work. Why must she go on and on about the return of the Elgin marbles to Greece when she knows, in her heart, that the British Museum will never let them go.

Yet I regretted the thought immediately, and scolded myself severely, smacking myself on the wrist, banging the side of my head and punching myself in the ribs. I thought: I *like* Melina Mercouri, the re-appointed Greek minister for culture. She was a swinger when I was a boy, and is doubtless a swinger still.

And I remembered that I have always suspected that the Greek case for the return of the Elgin marbles to Athens is a smidgin stronger than the British Museum's case for their retention in London.

What triggered all this brain activity was a report that Melina is working herself into a lather again about the marbles, and has declared that the Greek government, with the help of Brussels grants, has built a "huge exhibition room" that at present lies "nude and unclothed", awaiting the marbles' return.

The British Museum's argument for holding Melina at bay has been summarised in a statement. It starts: "Among the sculptures known as the Elgin marbles, the most important are the frieze and other architectural sculptures rescued by Lord Elgin from the ruins of the Parthenon, with the approval of the appropriate authorities, at the beginning of the 19th century."

HAWKS & HANDSAWS

It goes on to say that the British Museum is forbidden by law to dispose, permanently, of objects in its collections (other than duplicates); that its duty is to preserve its collections for the benefit of international scholarship and the enjoyment of the public; that in fulfilment of this responsibility it opens seven days a week, free of charge, and attracts more than 6.5m visitors a year; that the Parthenon sculptures "constitute one of the greatest and best-loved of its treasures"; and that they are housed in a museum "which is universal in its scope and is designed to present as complete and integrated a picture as possible of the development of different, but related, cultures through the ages".

In concludes: "The trustees would regard it as a betrayal of their trust to establish a precedent for the piecemeal dismemberment of collections which recognise no arbitrary boundaries of time and place."

Two years ago, while walking round Leptis Magna, in Libya, with Dr Susan Walker, the assistant keeper of Greek and Roman antiquities at the British Museum, I asked *her* about the Elgin marbles. Dr Susan could out-fox Melina Mercouri any day, and can be brilliantly succinct.

"How would I crystallise the case for the marbles' retention in London?" she said. "OK... 1) it would be the start of the end of the British Museum; 2) the marbles' location in London since their purchase from Lord Elgin is part of their history and story – part of the history of art. They belong where they are."

Sorry, Dr Susan; I am not quite convinced. I think the marbles should be sent home to Greece. I am never impressed by thin-edge-of-the-wedge arguments ("piecemeal dismemberment ... "), and I believe that Britain needs the sort of PR coup which the return of the marbles would precipitate.

But the Greeks must buy them back. As it happens, no one in London will estimate an open-market value for the Elgin marbles. Christie's told me to ask the British Museum. I did. "Can't be done," said the museum. "They're priceless and irreplaceable."

So we'll call it £200m. We can call it what we like. But we won't just settle for £200m in cash or its equivalent in fetta cheese or bitter Greek olives or that hopelessly terrible wine. We will settle for three islands: Chios ("blessed with great beauty and a fascinating history," says a handy travel brochure), Hydra ("weekend playground of the rich and famous") and Patmos ("small yet enchanting").

Before the Greeks go berserk, they should note that I haven't asked for Macedonia or for anything especially sensitive. Just three islands.

Oh, and unlimited free travel between Greece and Britain for anyone who wins a villa or apartment on Chios, Hydra or Patmos in the UK national lottery starting next year. And a few other things that will occur to me eventually.

Get real, Melina; this is 1994.